eec

THIS IS YOUR BUSINESS

A T&I guide to the European communities

how it works

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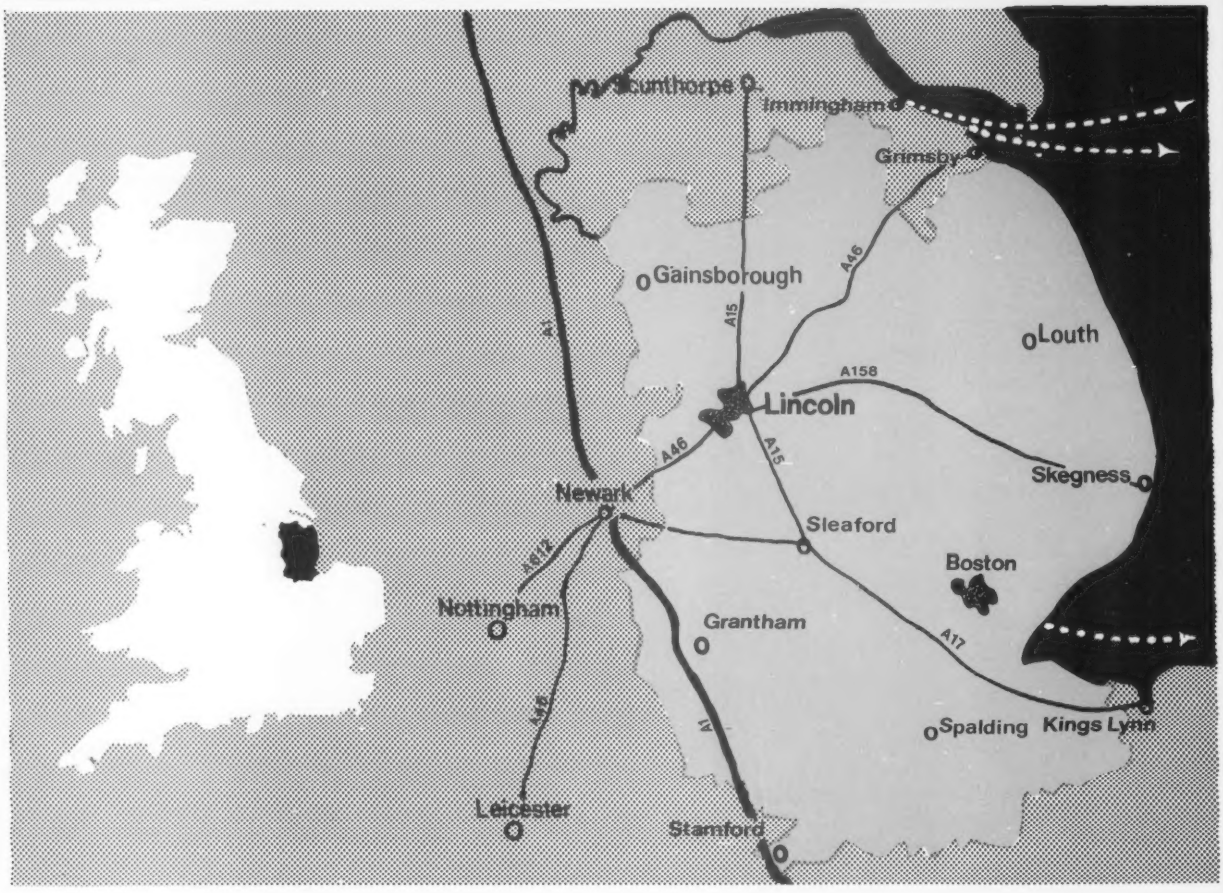

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1 how it works

'This is your business' is the successor to the 'EEC – your questions answered' books, published by the EEC information unit in 1974 and 1976. It is now being published as three supplements in *Trade and Industry*. Parts 2 and 3 will be included in the issues appearing on 1 and 8 December respectively. The three supplements can be purchased separately at 40p for single copies and £1.00 for all three.

'This is your business' contains a great deal of new information as well as previously published material of continuing interest, updated where necessary. As before, questions and answers have been grouped under headings but the information in any one section is not comprehensive.

Ring for the facts

If the information you need is not here and you are not sure of the right contact, get in touch with the EEC information unit, which operates a free service for the businessman wanting facts about the EEC. There is a telephone inquiry service every weekday from 09.30 to 17.30.

All inquiries are welcome but the unit is particularly glad to hear from firms new to EEC matters and those considering for the first time the opportunities of the EEC export market.

The unit's main concern is with EEC aspects of those subjects for which the Departments of Industry, Trade and Prices and Consumer Protection are responsible. Staff answer such inquiries themselves or refer them to appropriate specialists within these three departments. But even outside this very wide range the unit can usually save inquirers time and trouble by finding the right contact in another department or outside body.

Many inquiries, especially the more complex ones, relate to a firm's own activities and these are treated as strictly confidential. But others are of more general interest and a selection of these is a regular feature of *Trade and Industry*, appearing about once a month, in the weekly European community news section under the title 'EEC – your questions answered.'

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Three part Trade and Industry guide to the European communities

Part 1 – published with 24 November 1978 issue, price 40p (if sold separately)

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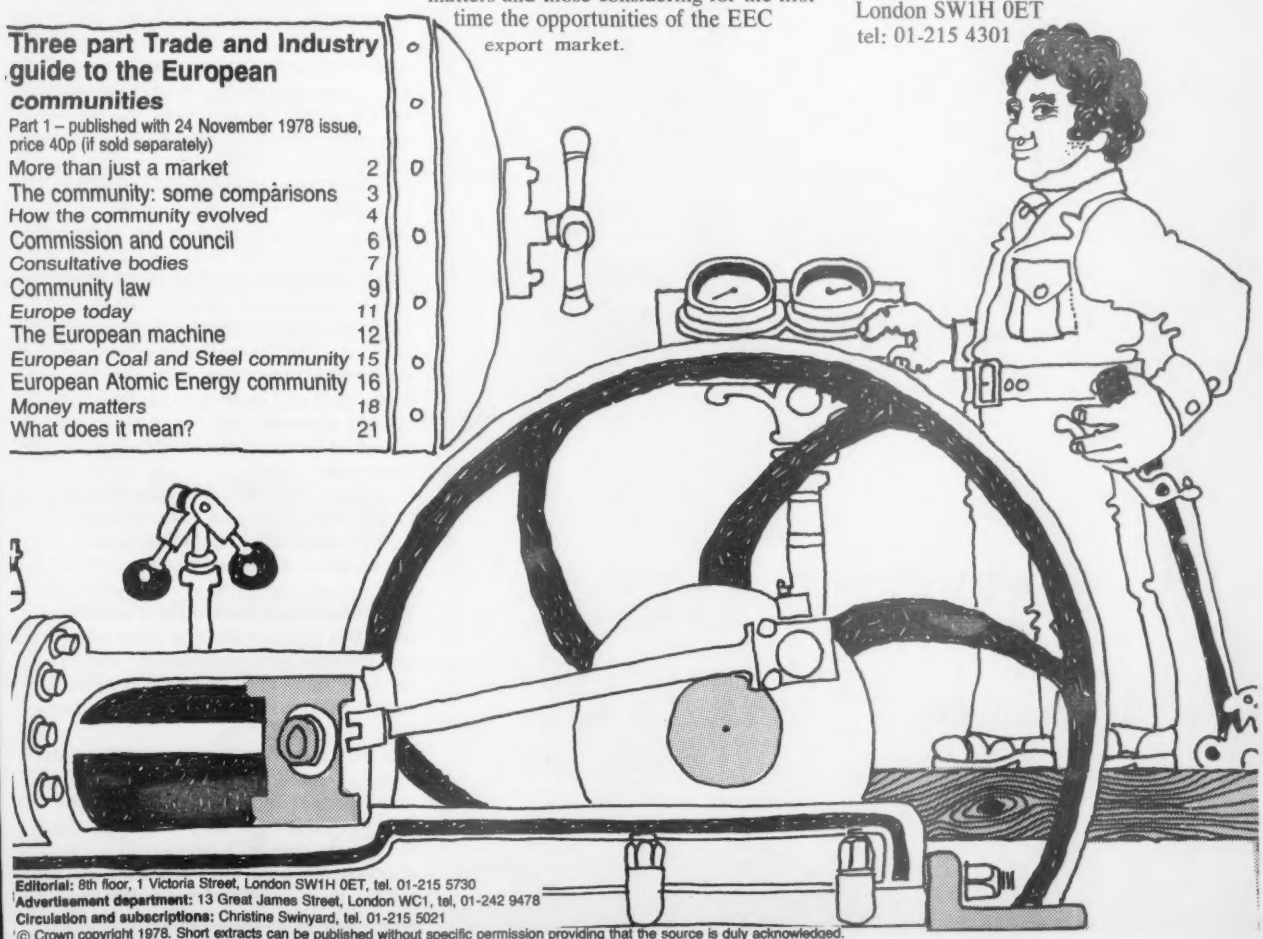

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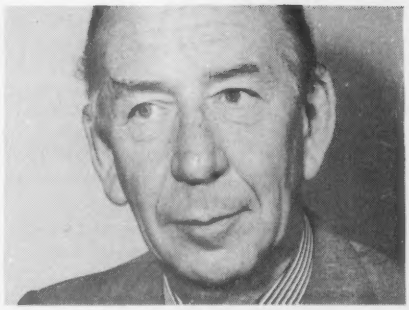
'. . .more than just a market'

Brussels – headquarters and focal point of the EEC



Sir John Methven, director general of the Confederation of British Industry, writes

Those of you engaged in exporting work, as I was not so long ago, need no reminding by me of the significance of the EEC as a market for UK industry. Since custom duties within the community were abolished last year the EEC has represented a single market of some 258 million people. This presents an enormous opportunity for UK industry which has still not been fully exploited by many firms here. I hope that this publication will help all firms to make more of these opportunities.

But the EEC is more than just a market. Community policies and decisions on a wide range of subjects can have direct effects in member states and thereby upon the whole range of company activities. For example, it is within the EEC framework that directives on the removal of technical barriers to trade are formulated and implemented: there are already directives covering a wide range of industrial products and many more are under discussion.

In addition, the EEC is beginning to evolve an industrial policy on a community-wide basis towards whole industrial sectors. At the moment this is concentrated on sectors such as steel, shipbuilding and textiles where the community as a whole faces serious problems. But developments in other areas are also possible and businessmen should be aware of them and, whenever possible, should seek to influence them at an early stage.

The EEC is a major factor in shaping today's business environment. It is therefore highly desirable that all businessmen – whether or not engaged in exporting – should be able to keep up to date with community policies as they evolve. I hope this publication will help to keep them abreast of major developments and opportunities within the community.

The community: some comparisons

Population (mid-1976) millions

258.715 215.142 112.768

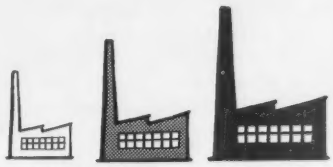
Gross domestic product at current prices and exchange rates £ billion

767.81 942.37 307.33

Community USA Japan

Source – OECD except as follows:
[1] United Nations; [2] BP Statistical review (primary energy – oil, natural gas, solid fuels, water power, nuclear); [3] Society of Motor Manufacturers and Traders; [4] Eurostat – Statistical office of the European communities.

Industrial production index 1970 = 100



115 120 122

Imports (excl intra-community trade) £ million

96854 67434 35878

Exports (excl intra-community trade) £ million

87206 63672 37221

Cereals production [1] million tonnes

91.895 257.063 15.788

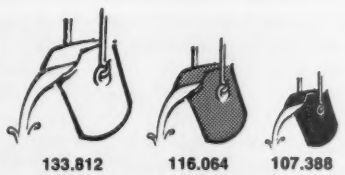
Meat production [1] million tonnes

19.031 25.379 2.261

Milk production million tonnes

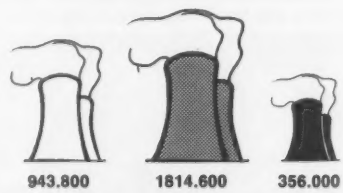
101.481 154.592 5.265

Crude steel production [1] million tonnes



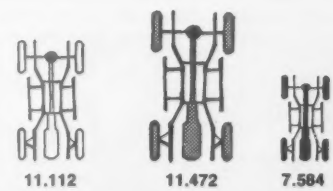
133.812 116.064 107.388

Primary energy consumption (oil equivalent) [2] million tonnes



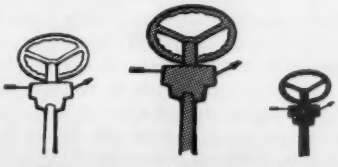
943.800 1814.600 356.000

Motor vehicle production [1] millions



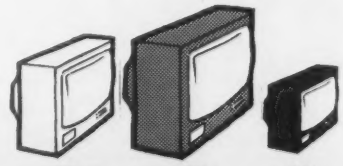
11.112 11.472 7.584

Cars per 1000 people [3]



286 500 164

TV sets per 1000 people (Jan 1975) [4]



276 571 233

Telephones per 1000 people (Jan 1975) [4]

293 677 356

How the community evolved

The six original EEC countries were France, the Federal Republic of Germany, Italy, Belgium, the Netherlands and Luxembourg. Their partnership began in 1950 when they decided to pool their coal and steel production under a common high authority. The European Coal and Steel Community (ECSC) was created by the treaty of Paris in 1951 and its headquarters established in Luxembourg in 1952.

Following the success of the ECSC experiment the six decided to extend their co-operation to cover their economies as a whole and the peaceful application of nuclear energy. The European Economic Community, often called the common market, was created by the treaty of Rome signed on 25 March 1957. A second Rome treaty signed on the same day set up the European Atomic Energy Commission (Euratom). Although the three communities remain legally separate, a 'merger treaty' was signed in Brussels in 1965 and since 1967 they have shared a single set of institutions – the commission, the council of ministers, the European assembly and the court of justice.

Removal of trade barriers

One of the main objectives of the EEC was the achievement of a customs union so that goods could move freely between member states. By 1 July 1968 tariff barriers had been phased out between the six – 18 months ahead of the schedule laid down in the treaty of Rome. A full customs union also required a common external tariff so that goods imported from non-EEC countries would be subject to the same duty wherever they entered the community. By the alignment of national tariffs in three stages a common external tariff, known as the common customs tariff, was also achieved by 1 July 1968.

Technical standards

Just as important for free trade was the removal of non-tariff barriers such as differing technical standards and a plan for eliminating these obstacles in accordance with article 100 of the treaty of Rome was agreed in 1969. But this is inevitably a slow process; action was still at a formative stage when the community was enlarged and there is still a long way to go.

General principles for achieving fair competition are set out in articles 85 and 86 of the Rome treaty and the commission is responsible for investigating any alleged breach which could distort competition between member states.

British membership

Britain's first application to join the community was made in 1961 and it was renewed in 1967. Negotiations opened in 1970 and were completed in January 1972 when a treaty for the accession of the United Kingdom, Republic of Ireland, Norway and Denmark was signed in Brussels. Norway later decided not to join but the United Kingdom, Ireland and Denmark became full members of all three communities on 1 January 1973. In April 1974 renegotiations of the terms of British membership were opened. When these were completed in March 1975 the government recommended that the British people should vote to stay in the community and the June referendum resulted in a decisive majority for continued membership.

Transition period

The accession treaty provided for a transition period of five years during which industrial tariffs between the original six and the new members were abolished by a series of 20 per cent cuts, the final reduction being made on 1 July 1977. By a series of adjustments the new members aligned their external tariffs with the common customs tariff by the same date.

European Free Trade Association

Britain and Denmark were members of the European Free Trade Association until they joined the community. Six Efta countries – Austria, Finland, Iceland, Portugal, Sweden and Switzerland – did not seek membership. Norway after negotiating membership decided not to ratify the treaty of accession. Free trade between the United Kingdom, Denmark and their former Efta partners was to a large extent preserved as was free trade already achieved under a separate treaty between the United Kingdom and Ireland. Each of the seven non-acceeding Efta countries subsequently concluded two separate agreements with the enlarged community, one providing for eventual free trade in industrial goods and one providing for similar duty-free trade in coal and steel products.

Tariffs were eliminated between the seven Efta countries on one hand and the original six and Ireland on the other during a transitional period ending, like the transitional period for new members, on 1 July 1977. Since that date, therefore, the bulk of industrial goods have moved freely between the 16 countries of the EEC and Efta.

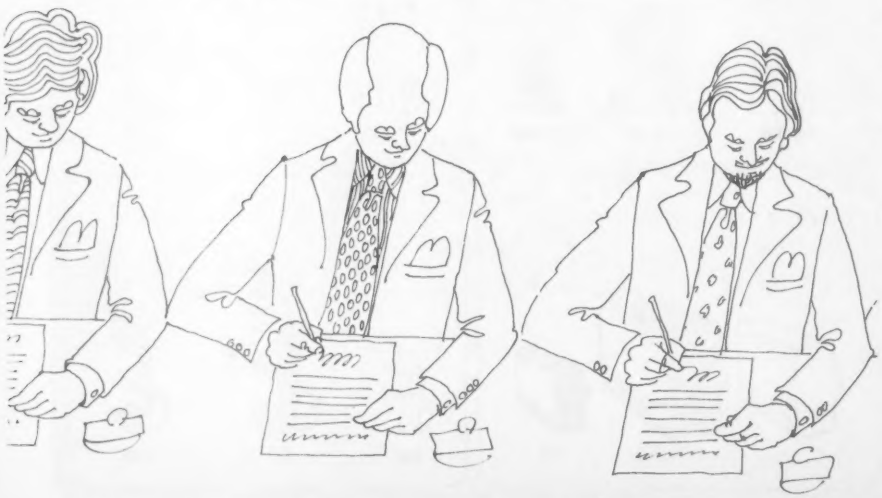
Other trade and association agreements

The Efta countries were not the first to sign agreements with the community. The treaty of Rome made provision for the conclusion of trade and association agreements and over the years the community has built up a network of relationships on a world-wide scale. One of the most important was the Lomé convention signed on 28 February 1975. Of the 46 countries originally covered by the convention 22 are members of the commonwealth, 18 are countries originally associated with the six under the Yaoundé convention and six are African countries with no previous links with the community. Agreements with other countries, notably in the Mediterranean area, have also been negotiated (for a complete list see page 29).

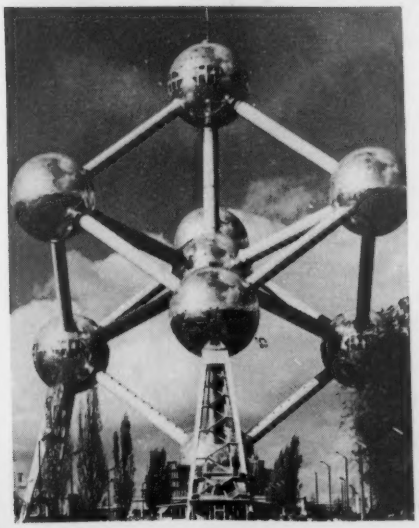
Further enlargement

Three countries associated with the community, Greece, Spain and Portugal, have applied to become full members. Negotiations with Greece got under way in 1977 and may be concluded in time for Greece to become a member in 1980 or 1981. Negotiations with Spain and Portugal have not yet started and they are unlikely to accede before 1983.

Like Britain, Ireland and Denmark, the new members will have to comply with EEC rules and where necessary adjust their national law to meet the requirements of community legislation. As before, there will be a transitional period during which tariff barriers between new and existing members will be phased out and the new members will align their external tariffs with the common customs tariff. Each of the three applications is, however, being treated separately and with a different accession date for each new member it is likely that it will be 10 years before the process of enlargement to a community of 12 has been completed.



Above: Carling, Lorraine; partnership of the Six began in 1951 with the creation of the European coal and steel communtity. **Left (top):** Edward Heath signs the accession treaty in January 1972. **Left (middle):** European parliament, Luxembourg. **Left (bottom):** Landmark in Brussels from the time of the world fair. **Below:** The Kirchberg building, housing the commission's directorates that operate from Luxembourg. **Below (bottom):** Street market in Bridgetown, Barbados, one of the countries with which the community has a trade and association agreement.



Commission and council

It is an over-simplification to define the council of ministers as the governing body of the community and the commission as its civil service. The council's actions must fall within the scope of the treaties and, except in a few narrowly defined areas, its decisions must be based on the commission's proposals. It is logical therefore to look at the structure and role of the commission first.

Commission

Strictly speaking, the commission consists of its 13 members although the term is often used to mean the commissioners together with their administrative staff – about 5000 people organised in 19 directorates-general, each responsible to one commissioner.

The 13 commissioners – two each from the United Kingdom, France, West Germany and Italy, and one each from Belgium, Denmark, the Irish Republic, Luxembourg and the Netherlands – are appointed by the governments of the member states for four-year renewable terms. One of the British commissioners is Roy Jenkins, who has been president of the commission since 1 January 1977. The president and five vice-presidents hold office for two-year renewable terms. A commissioner is required to be completely independent; he does not represent the government that appointed him and is not allowed to seek or accept direction from that government.

Each commissioner is responsible for one or more of the main community activities (for example the other British commissioner, Christopher Tugendhat, deals with budget and financial control, financial institutions personnel and administration) but they act as a collegiate body with collective responsibility for all the actions of the commission. Their decisions are reached on the basis of simple majority voting.

Each commissioner is supported by the staff of the appropriate directorate-general and, like the commissioners, the staff are expected to act solely in the interest of the community at all times. Nationalities are carefully balanced and intermixed. At the top level, the director-general is of different nationality from the commissioner to whom he is responsible and at all but the lowest levels, the senior and junior colleagues of any particular official will almost invariably be of a different nationality from his own.

The commission has four main roles. First, it acts as a community watchdog and ensures that the provisions of the treaties and community decisions are applied by the member states. Second, it initiates policy and drafts the detailed measures needed for its implementation. Third, it acts as a mediator at meetings of the council, frequently amending its own proposals to help reach a compromise acceptable to all the member states. In line with this role it also acts as negotiator for the community, for example in international trade negotiations. Fourth, the commission has certain powers in administering community rules and a limited power to legislate, mainly in the detailed implementation of the common agricultural policy.

The commission's most important role is probably to formulate proposals on which the council of ministers will decide. In drawing up proposals for subsequent decision by the council of ministers the commission is free to choose whether and to what extent it need consult outside bodies including member states' governments. In the majority of cases, however, and particularly those involving complex legislation, it consults fairly thoroughly. It is common for the commission to convene working parties of experts from national administrations who, without committing their governments at this stage, give their views on the shape the legislation should take. The commission decides how much attention to pay those views and then submits a formal legislative proposal to the council of ministers.

Council of ministers

As we have seen, there are limitations on the council of ministers as the community's decision-making body; the commission, always present at council meetings although it has no formal voice there, often plays an important role in the decision making.

There is one exception to the rule that all council actions must fall within the scope of the treaties. Under article 235 of the treaty of Rome the council can decide unanimously on a proposal from the commission to take whatever action is necessary to attain com-

Cruciform Berlaymont building is the Brussels administrative headquarters of the European commission.

munity objectives when specific powers are not provided for in the treaty.

The council is composed of ministers from each of the member governments and the ministers change according to the subjects on the agenda. For major overall policy decisions the foreign ministers usually meet. On other occasions it is, for instance, ministers of transport who represent their country at a transport meeting, and so on. Ministers are there to represent the interests of their own government but they seek to arrive at an agreed solution in the community interest.

Majority voting is the rule with certain exceptions, defined in the treaty, when unanimity is required. In fact the majority vote is rarely used, the member states preferring to find a compromise acceptable to all.

Since it meets only at intervals, much of the council's preparatory work is done at meetings of Coreper, the committee of permanent representatives of the member states in Brussels, who have ambassadorial rank. Matters of lesser importance are dealt with in meetings of the deputies of the permanent representatives, while questions of a specialist or technical nature are considered by working groups on which the member states are represented by appropriate specialists.

In this way commission proposals are usually thoroughly discussed among officials of the member states before they are taken in council at ministerial level. The council can then, if it wishes, refer matters back for further discussion by the permanent representatives or can ask the commission to make amended proposals.

On almost all matters of importance the council takes its final decisions in the light of the opinions on the commission's proposals from the European assembly and from the economic and social committee of the community.

Consultative bodies

European assembly

Although this body is often referred to as the European parliament and itself adopted this title in 1962, its formal title under the treaties is 'the assembly'. Delegates to the assembly are at present nominated by the national parliaments according to different procedures in each member state. The treaties envisage the eventual election of delegates by direct universal suffrage, however, and the first direct elections are to be held in June 1979.

Moves in that direction began formally in January 1975 with the assembly's adoption of a draft convention, the Patijn proposals.

At the council meeting of heads of government in Rome in December 1975, the council confirmed its aim that the first direct elections should take place in 1978. In July 1976, the council agreed on the size and share among member states of the seats, and on 20 September 1976 adopted a decision under which the electoral procedure is a matter for each member state until:

1 the assembly has worked out a draft uniform electoral procedure, and

2 the council recommends the appropriate measures to the member states for adoption in accordance with their respective constitutional rules.

In April 1978, the council took the decision to hold the first direct elections to the European assembly from 7-10 June 1979.

At present the United Kingdom, like France, West Germany and Italy, has 36 seats; after direct elections they will each have 81. The delegates to the assembly sit according to party affiliation and not by nationality. The sessions of the assembly – at roughly monthly intervals – are held in both Strasbourg and Luxembourg, but the assembly's secretariat is located in Luxembourg only. The assembly's committees hold most of their meetings in Brussels but they also meet from time to time in Strasbourg and Luxembourg and can meet elsewhere in the community.

Much of the assembly's work is conducted in its committees. It is in these committees that the assembly examines in detail proposals made by the commission to the council. The usual procedure is for the committee concerned, if necessary after consultation with other interested committees, to produce a report incorporating a draft resolution. This is then considered in plenary session and, if necessary, amended before the assembly's opinion is formally transmitted to the council.

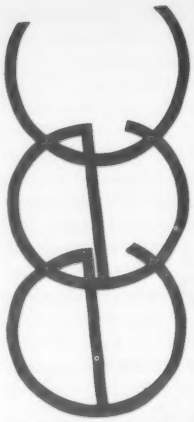
Seventeen articles of the EEC treaty and six articles of the Euratom treaty lay down matters on which the opinion of the assembly must be obtained. The older ECSC treaty provides for the assembly to exercise supervisory rather than advisory powers. But in

The assembly in session: from 1979 members of the European parliament will be elected directly.

practice the assembly is consulted on a much wider range of matters than the treaties specify. The proposals of the commission are formally transmitted to the assembly by the council and at that stage a reference is published in the *Official Journal of the European Communities*. The council, in taking its final decisions, is in no way bound by the opinions of the assembly but the commission can, and does, amend its own proposals that are before the council in the light of the assembly's opinions. Moreover, the commission has agreed to make its own attitude to each of the amendments put forward by the assembly known to the assembly and has undertaken to state its reasons, either orally or in writing, whenever it is unable to accept an amendment to its proposals suggested by the assembly. It will be seen, therefore, that the assembly is in practice able to bring its influence to bear on future community decisions. Nevertheless, it is important to recognise that the ultimate power of decision rests firmly in the hands of the council of ministers.

Power of the assembly

Although the assembly's role in considering and expressing opinions on commission proposals to the council is, perhaps, of greatest interest to businessmen, it is worth noting that the scope of the assembly's activities goes much wider. For example, it has the power, although this has never been used, to dismiss the commission by a vote of censure with a two-thirds majority. It has the power to put written and oral questions to the commission which it is obliged to answer. It also debates an annual report which the commission makes to the assembly. Moreover, in 1975 the assembly gained increased powers over the 'non-obligatory' section of the community budget. The assembly now has the power to reject the budget as a whole and demand a re-draft. It regularly exercises its right, within certain overall ceilings on expenditure, to have the final say on the money made available for purposes within the non-obligatory sector (see page 19).



Economic and social committee

Established under the EEC and Euratom treaties, the economic and social committee fulfils a broadly similar function to the European assembly in so far as the consideration and expressions of opinions on commission proposals to the council are concerned. And just as the assembly gives its detailed consideration to the commission's proposals in its committees, so does the economic and social committee through its specialised sections.

The committee has 144 members who are nominated by the governments of the member states and appointed by the council. They represent the various categories of economic and social activity and three groups of roughly equal size have grown up within the committee, representing employers, employees and other interests. The United Kingdom has 24 seats on the committee. Members are appointed to serve in their personal capacities and are not permitted to be bound by mandatory instructions from governments or other organisations.

As in the case of the assembly, the opinions of the committee are not binding on the council, although the commission can and does amend its own proposals in the light of the committee's views.

ECSC consultative committee

Operating in much the same way as the economic and social committee, the ECSC consultative committee is concerned solely with the affairs of the coal and steel community.

Its members, comprising equal numbers of producers, workers, and consumers and dealers, are appointed by the council in their personal capacity. The committee is consulted by the council on all important aspects of the functioning and future development of the coal and steel community.

UK members of the economic and social committee

Group 1 – Employers

C.E. Mills, British Gas Corporation
M. Zinkin, Unilever Ltd
H. Loebl, founder and chairman, Glass Ceramics
M.J.G. Wylie, director, Anglo-American Asphalt Ltd
J. Gallacher, Co-operative Union and International Co-operative Alliance, member of retail consortium
W.G.N. Miller, director, Save and Prosper Group Ltd
B.R.V.Z. de Ferranti, deputy chairman, Ferranti Group
F.S. Law, part-time member, National Freight Corporation, director, B. Elliot and Co Ltd

Group 2 – Employees

R.W. Buckton, general secretary, Associated Society of Locomotive Engineers and Firemen
D. Basnett, general secretary, National Union of General and Municipal Workers
J. Gormley, president, National Union of Mine Workers
L. Murray, general secretary, Trades Union Congress
J. Macgougan, general secretary, National Union of Tailors and Garment Workers
Mrs C.M. Patterson, national officer, Transport and General Workers' Union
J. Milne, general secretary, Scottish Trades Union Congress
T. Jenkins, International Department, Trades Union Congress

Group 3 – Other interests

S.G. Hall, managing director, Kilco Chemicals Ltd
Dr A.E. Sloman, vice-chancellor, University of Essex
G. Prys Davies, solicitor – former chairman of Welsh Hospitals board
D.C. Williams, formerly deputy secretary, Ministry of Overseas Development
R.C. Butler, deputy president, National Farmers' Union
R. L. Doble, solicitor – former chief executive and town clerk to the borough of Greenwich
Miss Eirlys Roberts, former deputy director, Consumers' Association
Mrs Mary Clark, lecturer in law, University of Belfast

UK members of the ECSC consultative committee

Producers

Sir Derek Ezra, chairman, National Coal Board
R. Scholey, deputy chairman, British Steel Corporation
Dr D. Grieves, managing director (personnel and social policy), British Steel Corporation
R.V. Finlay, International Department, National Coal Board
A.H. Mortimer, director general, British Independent Steel Producers Association
G.C. Shephard, board member (industrial relations), National Coal Board

Workers

J. Gormley, president, National Union of Mineworkers
L. Daly, general secretary, National Union of Mineworkers
W. Sirs, general secretary, Iron and Steel Trades Confederation
H.C. Smith, general secretary, National Union of Blastfurnacemen, Ore Miners, Coke Workers and kindred trades
L. Wormald, national president, National Association of Colliery Overmen, Deputies and Shotfirers
E. Linton, convener, national craftsmen's co-ordinating committee for the iron and steel industry

Consumers and dealers

D.A. Davis, Central Electricity Generating Board
J.H. Thomas, director, Chamber of Coal Traders
J.S. Duthie, Confederation of British Industry
E.S. Johnson, Edward S. Johnson and Co Ltd
Sir Richard Marsh, chairman, British Iron and Steel Consumers' Council
G. Kennedy, director of purchasing and industrial sales, Chrysler (UK) Ltd

Community law

How it is made and takes effect

The fundamental source of community law is the treaties – sometimes referred to as the primary legislation of the European communities. The second major source – usually called community secondary legislation – is the legislative acts of the institutions of the communities, ie regulations, directives and decisions made by the council of ministers and by the European commission under the EEC treaty, and decisions and recommendations made by the commission under the ECSC treaty. Community law may have direct effect as law in the member states or it may require implementing action by the states themselves.

The main characteristics of community law are:

- ☐ that it is an independent legal order
- ☐ that it is common to all member states
- ☐ that, if only for that reason, it must prevail over any national law that is incompatible with it, whether the national law is prior or subsequent to the community law in question
- ☐ that it can and often does confer rights and impose obligations directly on private persons in member states.

In the United Kingdom the direct effect of community law and its primacy over national law is provided for by sections 2 and 3 of the European Communities Act 1972.

Experience has shown that in practice the vast majority of cases in which community law is relevant are concerned with the European economic community rather than with the law relating to the European coal and steel community or the atomic energy community, but much of what is said below in relation to the EEC is relevant to the other two.

To a considerable extent the EEC treaty sets out the basic framework of community law, leaving the community institutions to make detailed provisions for its implementation, but there are some important provisions of the treaty which have been held to have direct effect in member states. Although in the EEC treaty itself no rights are expressly given to private persons, nor are any obligations expressly imposed on them, there are several provisions which prohibit in varying degrees certain types of conduct.

Where such a prohibition is clear and precise and its operation is not conditional on further legislative or administrative action by member states or by the community's institutions and leaves no discretion to either, it is interpreted as giving to private persons rights or imposing on them obligations that are enforceable in member states' courts. Examples are found in article 12 – 'Member states shall refrain from introducing between themselves any new customs duties on imports . . .' and article 30 'Quantitative restrictions on imports and all measures having equivalent effect shall . . . be prohibited between member states'.

In addition to provisions of the treaty prohibiting member states from adopting certain courses of action, provisions requiring them to do something by a certain date have been held by the European court of justice to have direct effect in member states. An example is article 48, which required freedom of movement for workers to be established within the community by 31 December 1969. The court of justice has also held that it is not only provisions of the treaty directed at member states that can have direct effect; articles 85 and 86 on the rules of competition are directed at agreements, decisions and practices involving undertakings that may affect trade between member states and have been held by the court to have direct effect.

So far as secondary legislation under the EEC treaty is concerned, article 189 of that treaty provides that 'a regulation shall have general application. It shall be binding in its entirety and directly applicable in all member states'. This means that by their very nature regulations apply as part of national law but it does not mean that every provision of every regulation confers rights on individuals that they can rely on in their national courts, or imposes on them obligations that can be enforced in those courts. The provisions of regulations can only have direct effect, in the sense of creating personal rights and obligations enforceable in national courts, in so far as they satisfy the tests of having direct effect mentioned above. That is they must be clear and precise, unconditional, leave no discretion and require no further legislative action either by member states or community institutions for their implementation. As with all community law having direct effect, regulations prevail over national law of member states in the case of any conflict with the national law.

Article 189 also provides that 'a directive shall be binding, as to the result to be achieved, upon each member state to which it is addressed, but shall leave to the national authorities the choice of form and methods'. Member states in general may choose to implement directives by law or by administrative action. Despite the difference in wording between this provision and the one relating to regulations, the court of justice has on several occasions held that it does not follow that provisions of directives cannot have effect similar to that of regulations in member states. Although by their very nature directives are not directly applicable in the same sense as regulations – member states are allowed the choice of how to implement directives – if directives were denied any effect it would prevent them being binding under article 189. The European court has, therefore, held that individuals can rely on provisions of directives as against member states and that national courts must give preference to provisions of directives over any provisions of national law that may prove incompatible with the terms of the directives, where the latter are clear, unconditional and leave no area of discretion to national authorities.

Finally, as far as decisions are concerned, article 189 states that ' a decision shall be binding in its entirety upon those to whom it is addressed'. For the same reasons as apply to directives, therefore decisions have also been held to be capable of being relied upon by individuals. Decisions are usually concerned with specific problems and are not necessarily addressed to the community as a whole. They may be addressed to governments of member states or to persons or individuals in one or more member states.

Rules of the court of justice are binding on member countries and community institutions, as well as individuals.

Draft community legislation is scrutinised by UK parliamentary committees.

Under the ECSC treaty secondary legislation in contained in decisions and recommendations issued by the commission. Decisions under article 14 of the ECSC treaty are expressed to be binding in their entirety and correspond to both regulations and decisions under the EEC treaty. Where an ECSC decision corresponds to a regulation, it is described as a general decision, and ECSC decisions of a more limited character are described as individual decisions. Recommendations are expressed to be binding as to the aims to be pursued but leave the choice of the appropriate methods for achieving these aims to those to whom the recommendations are addressed. They thus correspond to directives under the EEC treaty.

It is not always a clear cut matter which treaty provisions or which secondary legislation provisions have direct effect in member states and only the European court of justice can definitely rule on the matter. There is no appeal against a decision of that court.

Community secondary legislation

The following describes the stages in preparing and adopting council instruments. The procedure is different for commission instruments, which are made under the commission's limited powers to legislate and which are mainly concerned with relatively minor or short-term matters such as the day-to-day operation of the common agricultural policy.

Preparatory work is done in the commission by the staff of the relevant director-general. Although the commmission is under no obligation to consult member states or any outside interests in preparing draft secondary legislation, in practice its staff do consult widely. Thus the drafts which eventually go to the commissioners for approval and submission to the council of ministers nearly always take account of the views of member governments and any other interests likely to be affected. The time taken on the commission stage of preparing draft legislation varies enormously – from weeks to years.

When the proposals are received by the council they are usually – and always when they are referred to the European assembly and the economic and social committee – published in the 'C' series of the *Official Journal of the European Communities*. At this stage, where appropriate, the opinions of the European assembly and the economic and social committee are sought by the council. The normal procedure is then for the proposals to be considered in the committee of permanent representatives (Coreper). Specialist or technical proposals are usually considered in specialist committees of the council by civil servants from the member states and are then referred back to Coreper. The commission remains closely associated with the consideration of its proposals in the council machinery right up to and including the council of ministers. It has the right to amend its proposals at any time before their final adoption by the council. When adopted the instruments are published in the 'L' series of the *Official Journal* and this constitutes notification to the member states and other parties who may be directly concerned. The time taken at the council stage also varies enormously; years can elapse, and in some cases the proposals are never adopted. On the other hand, where the political will exists the procedures can be completed quickly. The *Official Journal* is available from HMSO (for details see part 3).

UK consideration and implementation

Committees of both houses of the United Kingdom parliament were set up in May 1974 to scrutinise draft proposals for legislation and other community documents. They report to their respective houses on questions raised by these proposals and documents and can recommend further parliamentary consideration.

Section 2(1) of the European Communities Act 1972 provides for all community law having direct internal effect to operate as law in the United Kingdom 'without further enactment'.

Community law not having direct internal effect is made effective in the United Kingdom in a variety of ways. United Kingdom legislation will not always be necessary – for example, because the existing law meets the obligation or because administrative action appropriately meets the requirement. Where United Kingdom legislation is necessary, it may be either substantive legislation or subordinate legislation either under an appropriate power in an existing statute or under the general power in section 2(2) of the European Communities Act. There is not an entirely free choice about the method of legislating: schedule 2 of the European Communities Act, for example, imposes limitations on the use of the section 2(2) power. Part II of the European Communities Act made changes in the United Kingdom law required on or shortly after accession.

Enforcement of community law

Enforcement of community law is a matter for the national courts of the member states. In applying community law the national courts will have to interpret it but there are both permissive and mandatory provisions for reference to the European court of justice on questions of interpretation of community law.

European court of justice

The court comprises nine judges and four advocates-general appointed for six-year, renewable terms by agreement among the member governments. One judge, Lord Mackenzie Stuart, and one advocate-general, Jean Pierre Warner, are from the United Kingdom.

The essential role of the court is to ensure that the law is observed in the interpretation and application of the treaties and it is the supreme arbiter in all legal questions falling within the scope of the treaties. Apart from its role in interpreting community law, the court deals with disputes between member countries on community matters and between member countries and community institutions. It also hears appeals brought by a member country, by the commission, by the council, or by any individual regarding matters covered by the treaties. Its rulings are binding on member countries, on community institutions and on individuals.

The court also deals with disputes between firms, individuals, or community civil servants, and community institutions. A point worth noting, however, is that individuals and firms may challenge the legality of community regulations only insofar as these are of direct and individual concern to them.

The court's judges decide cases by majority vote; dissenting opinions are not made public.

A word of warning: This account is merely intended as a simple guide; it should not be regarded as a substitute for legal advice on any questions which involve community law.

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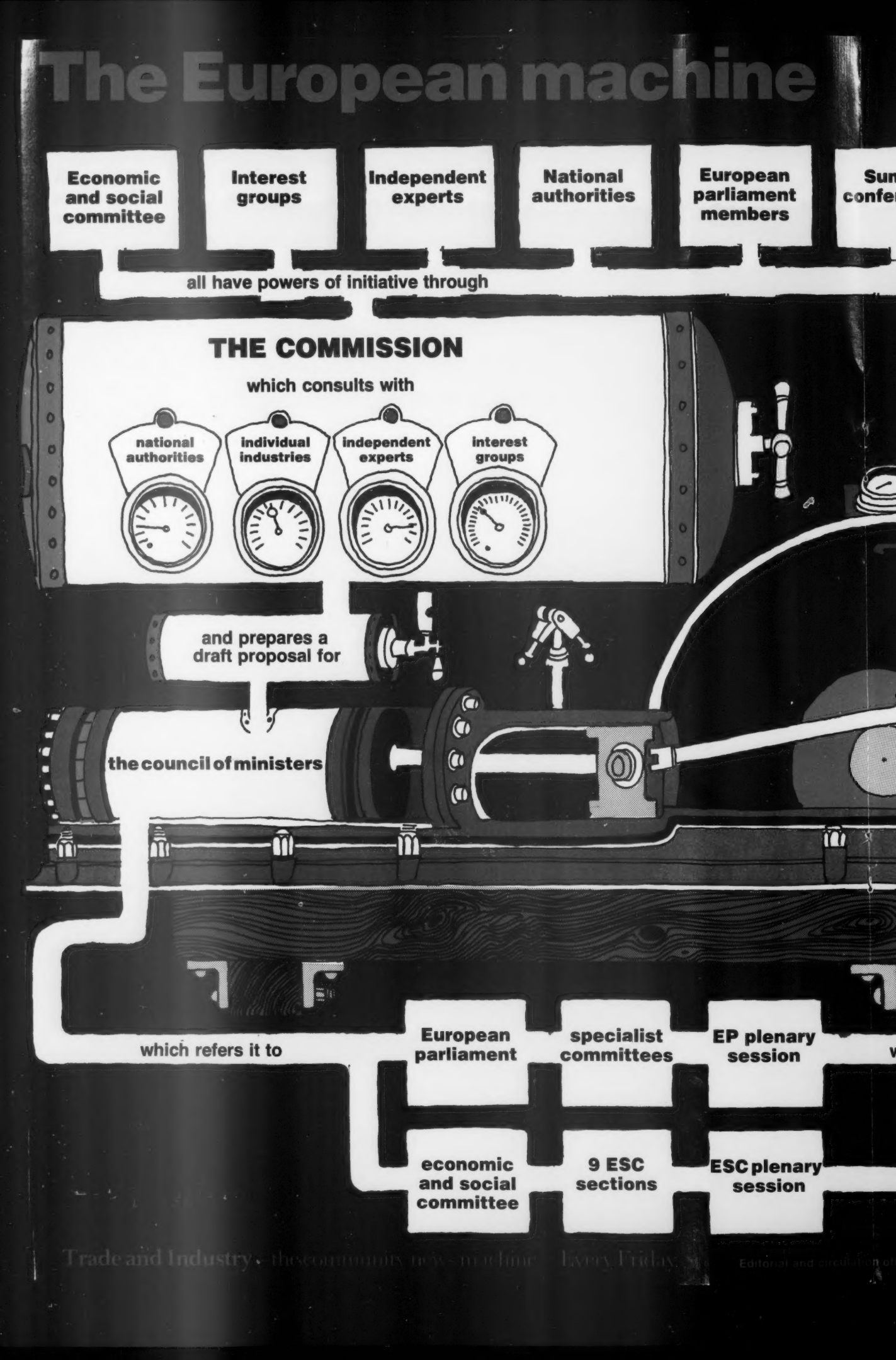
The European machine
Economic and social committee
Interest groups
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which consults with
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ESC plenary session
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A **decision** is binding in its entirety upon those to whom it is addressed.
A **regulation** has general application. It is binding in its entirety and directly applicable to all member states.
A **directive,** which is most common within the community, is binding, as to the result to be achieved, upon each member state to which it is addressed but leaves the choice of form and methods to the national authorities.
Recommendations and **opinions** have no binding force.
THE COUNCIL OF MINISTERS
either for council negotiation
or as unanimously agreed
whose resolution goes to
whose opinion goes to
working parties (Coreper)
and is passed to

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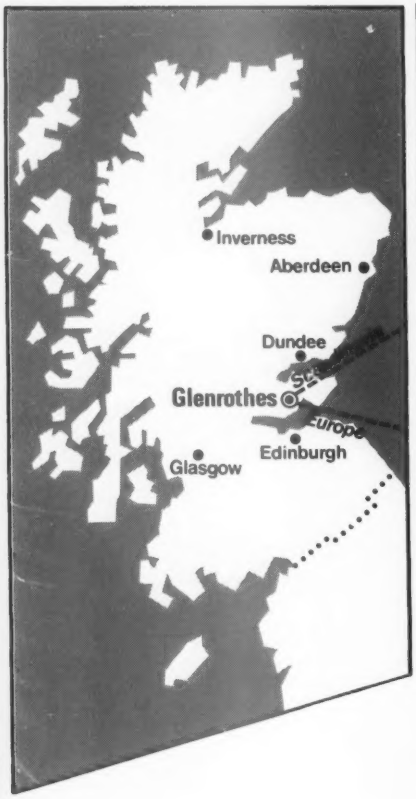

TOP

for recommendation (94% would tell other companies, "come and join us!")

TOP

for Business Environment (90% of Glenrothes firms said, "Good!")

TOP

for Industrial Location (92% said, "We'd choose Glenrothes again!")

TOP

for Fulfilment (75% said, Glenrothes is fully up to our expectations!")

TOP

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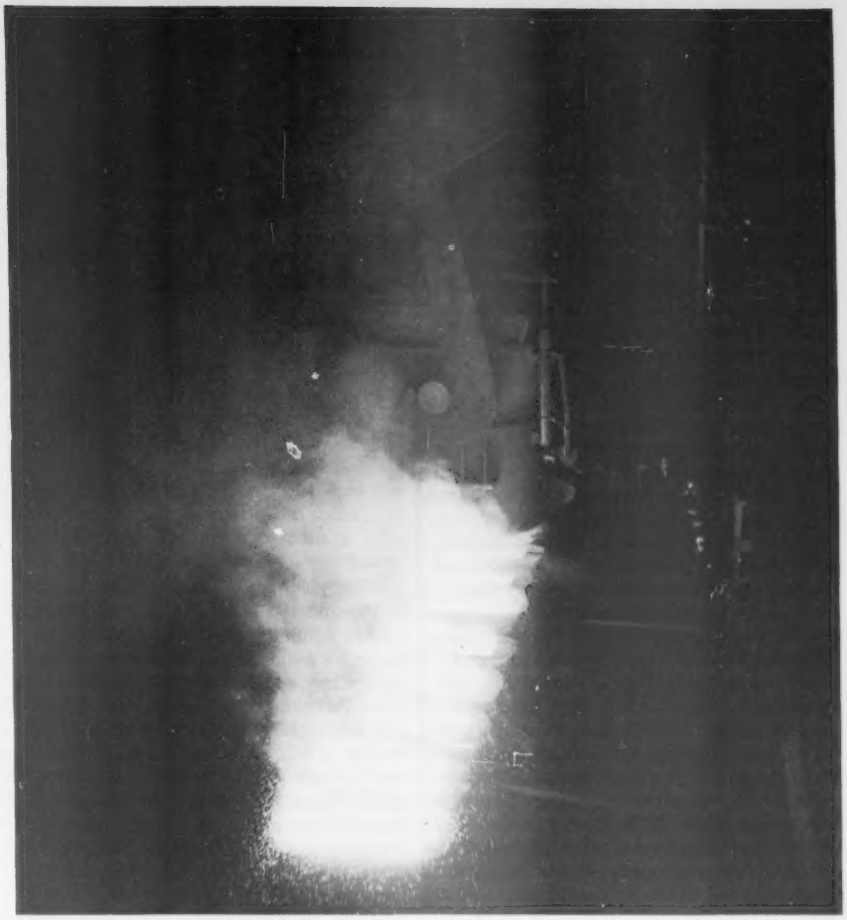
**URBAN Publishing Company survey into attitudes of management towards new towns*

European Coal and Steel Community



A levy is paid on steel and coal production to support the ECSC's contribution to technical research.

The European coal and steel community was created by the treaty of Paris, signed in April 1951 by the governments of Belgium, France, the Federal Republic of Germany, Italy, Luxembourg and the Netherlands. It is therefore the oldest of the three European communities. Ratification of the treaty was the first step by the six in the long road towards European integration, and a great act of faith, for in 1951 coal and steel were the two commanding heights of national economies, supplying energy and materials for the major proportion of industrial activity. The signatories to the treaty brought together in a common market the bulk of their interests in the two industries and established an international executive authority – the ECSC high authority – for the proper regulation of the community. In acceding to the communities in January 1973, the United Kingdom, of course, became a member of the European coal and steel community.

Objectives

The aims of the creators of the ECSC are set out in the first part of the treaty: economic expansion, growth of employment, a rising standard of living and the most rational distribution of production at the highest possible level of productivity, while safeguarding continuity of employment and avoiding the creation of deep and lasting disturbances in member states' economies. To attain these ends, the treaty provides for the abolition of:

- ☐ duties and quantitative restrictions (or charges having the same effect) on trade in coal and steel between member states;
- ☐ discrimination by producers in prices, delivery terms or transport rates, and any measures which hamper the buyer in the free choice of supplier;
- ☐ restrictive practices tending towards the collusive sharing or exploitation of markets.

The treaty also provides for action by the community over a wide field of activity in the coal and steel industries, including investment, production, wages and movement of labour, transport charges and commercial relations with non-member countries.

Community institutions

The treaty of Paris set up four institutions for the efficient working of the community: a high authority (the executive body of the community), a common assembly which exercised supervisory powers, a council of ministers acting as the link between the authority and the governments of the six member states, and finally a court of justice to ensure observance of community rules. A high-level consultative committee was also set up, consisting of equal representation of producers, workers, and consumers and dealers in coal and steel, to ensure that the views of those concerned in the coal- and steel-producing and using industries themselves were adequately expressed in community councils. The number of representatives of the respective member states' industries depended on their relative importance in coal or steel production, employment of labour and consumption.

The high authority, the common assembly, the ECSC council and the court are no longer in being in the form in which they were established, for in 1967 the six agreed to merge them (and similar institutions which had been set up for Euratom) with those of the EEC. The ECSC's executive body is now the commission; the role of the ECSC common assembly has been taken over by the EEC assembly; a single court of justice has jurisdiction over all three communities; and there is a common council of ministers. The consultative committee remains in the form in which it had been established.

When the ECSC was originally set up, the founding fathers foresaw a central controlling role for the high authority, now the commission. By the time the treaty of Rome was signed, however, member states sought some diminution in the role of the commission. Nevertheless the special position of the high authority remains, as far as the coal and steel community is concerned, diminished only by the environment in which it works.

Finance

In order to finance the work of the community the treaty requires coal and steel producers to pay a levy on their production to the commission. The levy rate is currently 0.29 per cent of production value. With these funds and moneys raised by other operations, the ECSC undertakes a variety of financial activities. Under article 56 of the treaty the commission gives assistance to redundant or transferred coal and steel workers, provided that such assistance is at least matched by the member state. The basis of payment is negotiated in an agreement between the commission and government. Agreements for United Kingdom coal and steel workers have already been concluded. The ECSC makes contributions to technical research projects connected with coal and steel and each member state has access to comparable work done in other member states. The United Kingdom industries are receiving contributions towards research work carried out since 1973. Discussions are also proceeding on the financing of social-research studies into re-employment possibilities.

The ECSC provides loans at attractive rates of interest for certain other activities. These

include investment projects capable of employing redundant ECSC workers in the declining coal and steel areas; housing for ECSC workers; and investment projects to facilitate the capital-investment programmes of the coal and steel industries (see part 3).

Internal commercial policy of the ECSC

The rules of the treaty provide for free trade in coal and basic iron and steel products within the community. There is a pricing system which provides for controlled competition within the member states by requiring producers to publish all their prices at selected basing points. Transport charges also have to be published or notified to the commission. This has meant considerable changes for our steel and to a lesser extent our coal producers and transport undertakings. Moreover the regulation and supervision of the market will no longer be the responsibility of governement. Our producers have to follow community rules on pricing, the administration of which, together with all questions of restrictive practices and market-sharing agreements, is the primary responsibility of the commission.

In this way the treaty of Paris provides for a special relationship between the coal and steel producers and the commission. In addition to consultative committee machinery the treaty provides that producers, workers, consumers and dealers and their associations may present any suggestions to the commission on questions affecting them. The commission itself also consults governments and the other parties concerned. In this regard the commission conducts both short- and longer-term reviews on forward programmes for coal and steel separately.

There are areas of the treaty where member states have special responsibilities and article 71 reserves the powers of member governments in matters of commercial policy – in other words, trade with third countries. However, member states act in these matters in concert,and representatives meet regularly to discuss mutual problems such as tariff quotas, trade with state trading countries and ferrous scrap exports to third countries.

European Atomic Energy Community

By the mid-1950s it was widely accepted in Europe that nuclear power would eventually become a major and competitive source of energy. Indeed many countries were already looking to the time when nuclear power would reduce their dependence on foreign sources of supply to meet their energy requirements. It was against this background that in Rome in 1957 the six original EEC countries signed the treaty setting up the European Atomic Energy Community (Euratom).

Under the treaty, the six accepted as a primary objective the creation of conditions for the speedy establishment and growth of nuclear industries. To achieve this end the tasks given to Euratom included:

- promoting and co-ordinating nuclear research for peaceful purposes in member states and complementing this national research with a community programme of research and training
- ensuring the dissemination of technical information
- establishing uniform health-safety standards and ensuring their application
- facilitating capital investment and ensuring the creation of basic facilities necessary for the development of nuclear energy in the community
- introducing arrangements to ensure that nuclear materials are not diverted from their intended uses as declared by the users
- ensuring wide commercial outlets and access to the best technical facilities by the creation of a common market in specialised material and equipment; by the free circulation of capital in the field of nuclear energy; and by establishing freedom of employment for nuclear specialists within the community
- establishing links with other countries and international organisations to foster progress in the peaceful uses of nuclear energy.

Euratom has progressed in all the areas mentioned but not always to the extent originally envisaged. In practice commercial considerations have made it difficult for Euratom to co-ordinate successfully the national nuclear research and development programmes of members states. The areas most susceptible to effective community collaboration lie in the 'public' aspects of research – on such matters as safety, health and harmonisation.

Community research programme

The task of promoting nuclear research in member states and of carrying out the community's own programme of research and training is entrusted to the commission. An important part in the fulfilment of this task is played by the Joint Research Centre which is equipped with extensive facilities. It consists of four establishments in which some 2000 highly qualified scientific and administrative staff drawn from all the member states work side by side. They are at Ispra in northern Italy and Petten in the Netherlands for general research; the European Transuranium Institute at Karlsruhe in West Germany for the study of plutonium and transplutonic elements; and the Central Bureau for Nuclear Measurements at Geel in Belgium. Since 1973 the centre has diversified into non-nuclear research. Currently, the annual cost of the research carried out there is about £75 million, while a further £36 million is spent on research contracts awarded to public enterprises or private firms. The results of the centre's research and the contract research programmes are circulated widely to industry within the community.

Details of community research, including the centre's 1977-80 programme and the finance committed to the wide range of tasks allotted by the council, are published in part 3 of this guide. Every project is kept under review by an advisory committee of national representatives and these committees play an important part in helping the commission to adjust the programme to changing community and national research requirements.

Information

One important fuction of Euratom is to help the flow of nuclear information within the community in accordance with the detailed provisions of the treaty. Broadly, the commission is empowered to obtain information on nuclear developments in each member state and to pass both this information and the results of its own research programme to would-be users in the community under non-exclusive licence or other appropriate arrangements. There are provisions to protect the security of defence information and investors' legitimate commercial interests.

Health and safety

In order to safeguard workers and the general public from dangers arising from accidental exposure to ionising radiation, Euratom has evolved extensive basic standards for adoption by members states. Council directives fixing the basic standards were superseded by a new directive which was adopted by the council on 1 June 1976. This has since been amended in the light of revised recommendations issued in 1977 by the ICRP and the date for compliance with the amended directive is now expected to be July 1980. A resolution

Investment planning

To give the commission an overall view of the development of nuclear power in the community, organisations in member states provide it with information on all major investment projects.

Information on safeguards: If any organisation receives a communication direct from the Euratom safeguards directorate or requires any background information on nuclear safeguards matters, they should contact the co-ordinating unit at the Department of Energy, Safeguards Office, Atomic Energy Division, Thames House South, Millbank, London SW1P 4QJ, tel. 01-211 3630/5630/3038.

on technological problems of nuclear safety was adopted by the council in 1975. It reinforces the attention already being given at community level to the safety problems of water reactors and fast reactors. Radioactive waste-management problems are being studied both at the centre and by a working group of experts.

Joint undertakings

Key ventures in the nuclear field may be given the special status of 'joint undertakings', or may receive fiscal and other privileges, or may even be financed by the community. Only a handful of enterprises – mostly nuclear power stations of advanced design – have achieved this status to date. In 1978, however, a joint undertaking was set up in order to carry out the community's Joint European Torus (Jet) project under the thermonuclear fusion programme. Controlled fusion power shows the greatest potential among long-term sources of energy currently under investigation, though its development is likely to be both long and costly. The community programme is concentrated on magnetic confinement and heating of high temperature plasma and Jet will be the largest experiment so far attempted in this field in Europe.

Supply agency

When the Euratom treaty was signed, it was assumed that nuclear materials would remain in short supply. The treaty set up a supply agency to ensure an equitable distribution of these vital resources within the community. In the event, nuclear materials have been readily available and the agency has not exercised the monopoly of fuel procurement and supply given it by the treaty. However, if projections of nuclear power for the 1980s are achieved, there may be a world shortage of nuclear fuel. In July 1975 the agency ended operation of the simplified procedure under which national suppliers simply notified their contracts to the agency for retrospective approval. The precise role the agency should play in alleviating any community shortages is being re-examined, as are those sections of the treaty that gave the agency its monopoly powers.

Safeguards

One of the important functions of Euratom is its safeguards control over certain specified nuclear materials. The commission is required by the Euratom treaty to satisfy itself that:

- ☐ ores, source materials (natural and depleted uranium or thorium) and special fissile materials (enriched uranium, U-233 or plutonium) are not diverted from their intended uses as declared by the users
- ☐ the provisions relating to supply and any particular safeguarding obligations assumed by the community under an agreement concluded with a third state or international organisation are complied with.

To permit the commission to carry out this function the community regulations, which are legally binding on the United Kingdom, stipulate that:

- ☐ operators must declare to the commission the basic technical characteristics of their installations
- ☐ operators must keep and produce operating records accounting for ores, source materials and special fissile materials
- ☐ the commission may send inspectors to a member state for the purpose of applying safeguards, ensuring compliance with the requisite article of the treaty and obtaining and verifying the records
- ☐ the commission is empowered to impose certain sanctions in the event of any infringement of the regulations.

The government is responsible for ensuring that the above obligations are fulfilled in the United Kingdom and has set up a co-ordinating, control and advisory unit in the Department of Energy for this purpose. This unit maintains continuous liaison between the commission's directorate of Euratom safeguards in Luxembourg and United Kingdom nuclear operators. Routine returns showing stocks and movement of source and special fissile materials are submitted by the nuclear operators to the Department of Energy to send to Luxembourg.

The Euratom safeguards directorate regularly sends inspection teams to civil nuclear facilities in the United Kingdom to examine accounting records and verify the physical presence of the nuclear material. Although most of the effort is directed towards the major United Kingdom nuclear operators (ie BNFL, UKAEA, CEGB and SSEB), the regulations apply to any organisation handling ores, source materials, or special fissile material. In order to ensure that the safeguards directorate's information is up to date, it has adopted the procedure of contacting organisations when they are mentioned as consignors or consignees of nuclear material in the returns submitted to Luxembourg. In the United Kingdom, the range of organisations contacted on this network is constantly extending, particularly as new uses are found for source materials.

External relations

From time to time, by specific approval of the council of ministers, the commission acts to conclude agreements or contracts with 'third parties' on behalf of the community. To enable it to maintain an overall knowledge of such commitments, the commission has to be informed of all agreements concluded on nuclear matters with third parties so that it can, where necessary, draw attention to any areas of potential incompatibility between the Euratom treaty and such agreements. Agreements already made by new member states before joining can be given preference over treaty clauses. The rights and obligations arising from inter-state agreements on nuclear energy are normally to be assumed jointly by the community.

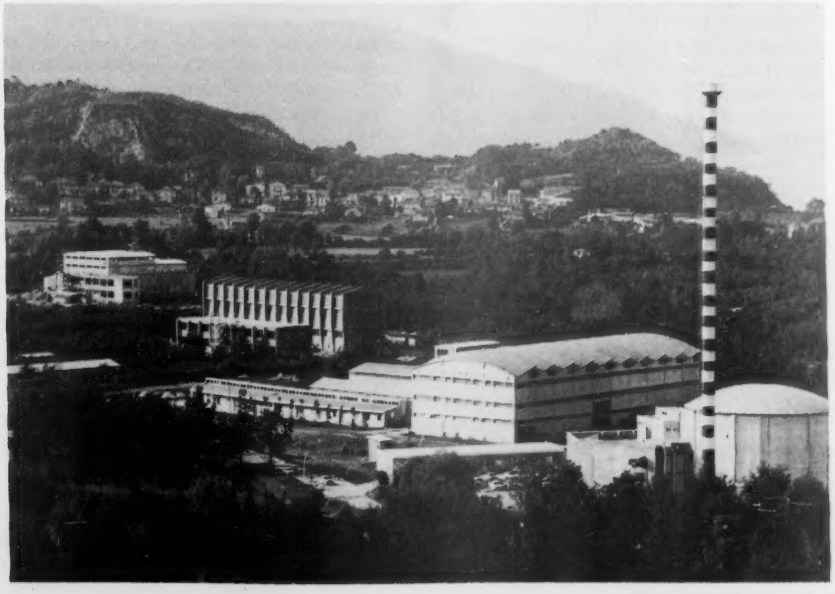
Uranium enrichment

As part of community planning for security of long-term energy supplies, community ministers asked in May 1973 for a study to be undertaken into future community policy for uranium enrichment. Enriched uranium is the basis of the fuel in most existing or planned commercial nuclear reactors and the USA has a near-monopoly supply position in the West at present.

The council of ministers has now approved a policy for uranium enrichment which embraces both the centrifuge and diffusion technologies and foresees:

- ☐ the establishment of uranium enrichment capacity enabling the community to cover from the beginning of the next decade a substantial and growing part of its own requirements
- ☐ co-operation between producers and harmonious development of existing projects
- ☐ European customers for enriched uranium giving preferential consideration to community sources. Two consortia are developing enrichment capacity: Urenco – United Kingdom, Netherlands, West Germany (centrifuge) and Eurodif – France, Italy, Belgium (diffusion) and Spain.

Ispra research establishment is one of four working on the community's nuclear programme.



Money matters

European Investment Bank

The European Investment Bank (EIB) was set up as one of the institutions of the EEC under article 129 of the treaty of Rome. It operates independently on a non-profit making basis and its task, as defined by article 130 of the treaty, is to contribute to the balanced development of the community by making loans and giving guarantees that facilitate the financing of the following projects in all sectors of the economy:

- ☐ projects in less developed regions;
- ☐ projects for modernising or converting undertaking or for developing fresh activities called for by the progressive establishment of the common market;
- ☐ projects of common interest to several member states.

Organisation

The bank has its own decision-making bodies. At the top is the board of governors – ministers of finance of the community's member states. The governors lay down general policy, approve the balance sheet and annual report and appoint members of the bank's other bodies. Next in line, an 18-man board of directors ensures that the bank is run in accordance with the provisions of the treaty of Rome and the directives laid down by the governors, and also takes the decisions on loan applications on raising funds and on interest rates charged. The United Kingdom has three directors on the board.

Responsible for the day-to-day business of the bank is a management committee – a president and four vice-presidents; full time officers who, as chairman and vice-chairmen of the board of directors, also see that the decisions of the board are carried out.

how it works

eec

Resources

The bank's resources consist of reserves, subscribed capital and funds raised on capital markets. On 19 June 1978, EIB's board of governors decided to increase the bank's subscribed capital from 3543.75 mua to 7087.5 mua, the United Kingdom's contribution being 1575.0 mua. The paid-up capital is to be increased in stages from 557 mua to 911 mua with the United Kingdom contributing 202.5 mua. In 1977 the bank raised most of the funds required to carry out its ordinary operations by borrowing a total of 1161.5 mua on capital markets.

Borrowers

Private firms, public enterprises, public authorities with financial autonomy, or financial institutions can borrow from the bank. They can be of any nationality and the only proviso from this point of view is that the project being financed must be situated in a member state or in an associated territory.

Loans made directly to firms, public enterprises and authorities are generally in support of large projects and the bank prefers to make loans of not less than 1 mua (about £500,000).

Under a special agency agreement with the bank introduced from 1978 the Department of Industry (and Scottish economic planning department, Welsh Office industry division, and Northern Ireland department of commerce) is able to arrange loans from £30,000 to £2.6 million for projects which create employment in development areas and special development areas.

Loans

As EIB operates on a non-profit-making basis, its interest rates are close to the cost of borrowing on the financial markets where it obtains its funds. Interest rate on a bank loan is the weighted average of the rates applicable to the various currencies to be disbursed, for the maturities concerned. Base rates for the different currencies are fixed periodically by the board of directors. The bank does not give interest-free periods but repayment of a loan may be deferred for the time required to bring the project into operation (generally between two and four years).

EIB requires adequate security for its loan and usually asks borrowers for guarantees from an industrial or financial group associated with the project, from a bank, from a public authority with first class credit, or from the government concerned. As a general rule, fixed or floating charges or mortgages are not accepted.

The bank's loans are intended only to supplement finance obtained from other sources and rarely exceed 50 per cent of the fixed capital cost (excluding working capital). Currencies in which loans are made depend on those available at the time, but the bank consults borrowers on their preferences. Loans are repayable in the same currencies and the same proportions as those in which they were received.

Administrative procedures

Procedures are much the same as for any other bank. Applications for loans should be accompanied by supporting documents (which need not be in any particular form) covering the activities and financial situation of the applicant and describing the investment project to be financed. Data presented should include the following: recent annual reports together with balance sheets; operating accounts and profit-and-loss accounts; production programmes; assessments of markets and profitability; and the names of the loan's guarantors. The application should also demonstrate how the project conforms with the bank's objectives.

Information submitted will be examined in detail by the bank's departments to ensure that the project is technically and commercially viable, that it does conform with the bank's objectives, that the enterprise is financially sound, and that the servicing of interest and repayment of the loan appear guaranteed.

The board of directors meet at monthly or two monthly intervals. When an application for a loan comes before them, all detailed commercially confidential information has been excluded. Before a loan is offered, the board's approval has to be supported by the commission and by the member state in whose territory the project is to be carried out. This procedure, like other stages of the investigation, is covered by the strict rules of banking secrecy.

Investment

In 1977 loans from the bank's own resources came to 1553 mua, involving a total of 102 contracts, compared with 1228.4 mua in 1976. The majority of the loans were mounted in member states where 82 loans were made for a total of 1401 mua, an increase of 29 per cent over 1976. Loans to the less-favoured regions in member countries accounted for 70 per cent of all finance granted within the community.

In 1977, for the second year running, the United Kingdom received the largest volume of finance from the bank: 489.6 mua (£320.8 million), or 35 per cent of all lending within the community, compared with 417.6 mua (£259 million) in 1976. Most United Kingdom loans were for projects in assisted areas, with a heavy concentration on loans for the water industry and for modernising the steel industry. Bank loans were also granted for extending or improving telecommunications and rail transport, extending electricity transmission networks and financing small and medium-scale industrial ventures.

Associated countries

EIB's activities outside the community have gradually been extended to Greece, Turkey, the 55 African, Caribbean and Pacific states (ACP countries) which signed the Lomé convention, as well as Portugal and Yugoslavia. When the relevant agreements have been ratified, operations will be extended further to Malta, Algeria, Morocco, Tunisia, Egypt, Syria, Jordan, Lebanon, Israel and Cyprus.

EIB finance has aided:

- ☐ projects in less-developed regions;
- ☐ projects in industrial areas faced with structural difficulties;
- ☐ projects with a technological basis of prime importance for European development;
- ☐ infrastructure investments of common interest to several member states;
- ☐ projects involving advanced technical and economic co-operation between companies in different member states;
- ☐ projects which serve a particular community interest.

In this context the bank does more than make loans available from its own resources at its normal terms. It also administers the European development fund's resources assigned to loans for projects in such territories. These European development fund loans are 'soft'. Interest rates are low, varying from only 1 per cent to 3 per cent. Loans may be as long as 40 years with a 10-year grace period and all or almost all of the cost of a project can be borrowed.

Opportunities for UK companies

A new scheme introduced by the Department of Industry for 1978 has enabled UK companies to enjoy better access to EIB finance by providing companies investing in employment-creating projects in development and special development areas with a guarantee against the risk of exchange losses. Exchange risk cover is available at a charge of 1 per cent on loans repayable over periods of up to 10 years.

Projects in the development areas and special development areas can qualify not only for EIB low-interest loans of up to 50 per cent of fixed capital costs but also for the full range of financial assistance available under the industry act.

Further information: Regional industrial finance division of the Department of Industry, Millbank Tower, London SW1P 4QN, or from the EIB's head office at 2 Place de Metz, Luxembourg.

Community budget

Article 203 of the treaty of Rome, as amended by the treaty of 22 July 1975, lays down the procedure to be followed when drawing up the community budget. The community's financial year runs from 1 January to 31 December and the chief stages in drawing up the annual budget are as follows:

- ☐ The commission prepares a preliminary draft budget based on its own and other community institutions' estimates of expenditure and presents it to the council in June.
- ☐ The council refers it to the budget committee where both the commission and member states are represented; any unresolved points are brought to the committee of permanent representatives (Coreper).
- ☐ The council of ministers (budget) meets in July and acting by qualified majority, 'establishes' the draft budget, which it then forwards to the assembly.

Among multi-million pound projects aided by the EIB is the CEGB's Hartlepool nuclear power station.

British Rail is receiving a £36.9 million loan from the EIB to build 32 high-speed diesel trains.

☐ Acting with the advice of its own budget committee, the assembly proposes modifications to obligatory and amendments to non-obligatory expenditure. (Obligatory expenditure is expenditure that results necessarily from the Rome treaty or from associated acts. Examples are costs of the CAP, expenditure on overseas aid and the commissioners' salaries; the remaining expenditure, eg the regional and social funds and running expenses of the institutions, is generally treated as non-obligatory – a category that has never been precisely defined.)

☐ The council meets again, in November, and, acting by qualified majority, rejects, accepts or alters the assembly's modifications, and may propose changes in the assembly's amendments.

☐ If changes to the amendments are proposed, the assembly considers these and takes a final decision on them. In taking its decisions, the assembly has to ensure that the overall increase in non-obligatory expenditure is within the 'margin of manoeuvre' unless it can get the council's agreement to a new 'maximum rate'. (Article 203 provides that the increase between budgets in the total of non-obligatory expenditure shall be limited by the application of a percentage rate of increase, known as the maximum rate, which the commission works out on each occasion by reference to various macroeconomic indicators. If the council, in establishing the draft budget, proposes an increase of more than half this rate, the assembly can still make additional amendments amounting to half the rate; if the council's proposed increase is below half, the assembly has the right to use up the whole of the remainder. This is known as the assembly's margin of manoeuvre. If either of the institutions suggests that the margin of manoeuvre is inadequate, a new maximum rate can be fixed by agreement between the council and the assembly.)

☐ The assembly finally and formally adopts the budget as a whole by 19 December.

If for any reason the assembly fails to adopt the budget within the timescale laid down, the 'twelfths' rule in article 204 of the treaty comes into force. This allows the commission to spend, in each month of the new year, a sum equivalent to one-twelfth of the previous year's budget expenditure; this level can only be exceeded by a separate decision of the council, and the assembly, in the case of non-obligatory expenditure.

The treaty of 22 July 1975, which came into force on 1 June 1977, made various amendments to budgetary procedures. In addition to setting up the European court of auditors, it gave the assembly the right to reject the budget as a whole and also altered the rules on the assembly's modifications to obligatory expenditure. If these modifications do not increase the total expenditure (ie contain reductions or are balanced by reductions elsewhere), the council must muster a qualified majority to reject them; otherwise they will stand.

Other recent developments include the revision of the financial regulation governing budgetary procedure and the introduction of the European unit of account (see units of account, page 26) as the denominator of the budget.

Gnp-based contributions

The budget is financed from own resources comprising agricultural levies, customs duties and VAT own resources (or gnp-based contributions). VAT own resources are the product of a notional rate of VAT (not exceeding 1 per cent) levied on a harmonised base of goods and services. Before VAT own resources can come into force however, at least three member states must have passed the necessary national legislation to implement the provisions of the sixth directive on VAT, harmonising the basis of assessment throughout the community.

At present only two member states have passed the necessary national legislation with the result that gnp-based contributions are being used in place of VAT own resources to supplement the agricultural levies and customs duties. The new system is expected to be introduced on 1 January 1979.

The full own resources system will not apply to the three new member states (including the UK) until 1980 as their contributions to the 1978 and 1979 community budgets are limited by article 131 of the treaty of accession.

European court of auditors

Until 1 June 1977, the auditing of the activities of community institutions was in the hands of an individual auditor for the ECSC and an audit board which covered all the other bodies. There was a growing feeling in the community that the audit board did not have adequate powers and status to do its job effectively and that a new and more powerful audit institution was needed.

As part of the treaty of 22 July 1975, which developed the budgetary powers of the European parliament and which came into force on 1 June 1977, member states agreed to establish the European court of auditors to take over the functions of the audit board and the ECSC auditor. The nine members of the court are all full-time officials, quite independent of their own governments and of the other community institutions. The court has the power to carry out investigations on the spot in member states as necessary, and to perform the audit continuously, that is at the same time as the expenditure or revenue in question arises, rather than waiting until the accounts for a particular year are closed, as was the case with the audit board.

Terms of office

The nine members of the court, located in Luxembourg, are all either politicians or officials from member states – the UK's nomination is Sir Norman Price, ex-chairman of the Board of Inland Revenue. Five members will serve for six years and four for four, the choice being made by lot. The members elect the president from among themselves for a term of three years; he can be re-elected.

Although some preliminary work has to be completed before it is fully operational, it is expected that once the court is functioning it will result in a real strengthening of financial control and efficiency in the community.

EEC information

Free service for businessmen!
The EEC Information Unit helps firms of all types and sizes by answering general questions about EEC membership and by guiding them where necessary to more specialised information sources.
New customers are always welcome, particularly firms new to EEC questions.
The unit's address is: EEC Information Unit, Department of Industry, 1 Victoria Street, London, SW1H 0ET. Tel. 01-215 4301 (six lines).

What does it mean?

Abbreviations and phrases in common use in the community

One of the difficulties posed by many EEC documents is their tendency to refer to organisations, agreements, systems and procedures by their initials. This glossary includes the more commonly used initials and other abbreviations as well as some of the technical expressions most often encountered in the EEC context.
The list is not restricted to EEC terminology and some non-EEC abbreviations and expressions which may be useful have been included. Commercial organisations and special pressure groups with representatives in Brussels have also been included where they are of wide interest.

AASMM
Associated African States, Madagascar and Mauritius. The 17 African states and Madagascar (Mauritius joined in 1972) concluded the 1969 Yaoundé convention (now expired) with the EEC. The AASMM is now defunct, having been absorbed within the larger African, Caribbean and Pacific states (ACP) association.

ABCC
Association of British Chambers of Commerce, 6 Dean Farrar Street, London SW1.

ACP
African, Caribbean and Pacific states which are parties to the Lomé convention (see page 29).

ACU
Administration of the customs union – part of the EEC commission with responsibility for administration of the customs union.

ADR
Accord dangereux routier – the European agreement on the international carriage of dangerous goods by road (see page 45).

AELE
Association européenne de libre echange (French for Efta qv).

AIFTA
Anglo-Irish free trade agreement – came into force on 1 July 1966, replacing the Anglo Irish trade agreements of 1938, 1948 and 1960. Now superseded by the provisions of the EEC.

AOCTs
Associated overseas countries and territories (see OCTs).

ASEAN
Association of south-east Asian nations – comprising Indonesia, Malaysia, Philippines, Singapore and Thailand. Set up in 1967, ASEAN aims to accelerate the economic growth, social progress and cultural development of the region, to bring about regional peace and stability, to promote collaboration and mutual assistance in matters of common interest and to maintain close co-operation with existing international and regional organisations with similar aims; the central secretariat is in Jakarta.

ASP
American selling price – a system of US customs evaluation whereby duty is levied not on the price of imported goods but on the price at which the comparable domestic article is freely offered for sale in the USA.

BEUC
Bureau européen des unions consommateurs (European bureau of consumers' unions), 29 rue Royale, 1000 Brussels.

BIS
The Bank for International Settlements, established in 1930 by the central banks of Belgium, Britain, France, Germany, Italy and Japan. It serves as a meeting place for the governors of the central banks and as a centre for research and information on economic and monetary matters.

BLEU
Belgo-Luxembourg economic union – formed in 1921, these countries pool their foreign currency holdings, operate a single balance of payments regime and combine their foreign trade statistics.

BN
Brussels nomenclature, now known as Customs Co-operation Council nomenclature (CCCN qv).

BOTB
British Overseas Trade Board – directs the export promotion work of the Department of Trade.

BSI
British Standards Institution – the authorised body for the preparation of national standards in the United Kingdom, BSI co-operates with corresponding bodies of other countries in international committees drawing up recommendations for common standards.

CACM
Central American common market – set up in 1960, its members are Costa Rica, El Salvador, Guatemala and Nicaragua; Honduras has temporarily withdrawn and Panama is not a member although represented on some of the subsidiary bodies of the organisation. The aims of CACM are to broaden the members' internal markets, supplement their economies, co-ordinate their development plans and make changes in their productive structure until a complete economic union can be achieved which would eventually lead to a political union of the countries in a federation of central American states.

CAP
Common agricultural policy of the EEC, the aims of which are laid down in articles 38-47 of the treaty of Rome.

CARICOM
Caribbean Community and Common Market (formerly Carifta) – a regional community whose principal objective is economic integration. It introduced a single line tariff on 1 January 1976 and at present has 12 members.

CCC
Customs Co-operation Council – studies questions of co-operation in customs matters to attain harmony and uniformity. Governments of 83 countries are members.

CCCN
Customs Co-operation Council nomenclature – the standard classification of goods for customs tariff purposes, now used by most countries.

CCT
Common customs tariff of the EEC, less accurately referred to as CET (common external tariff).

CEAC
European civil aviation conference – Ecac (qv).

CECA
Communauté Européenne du Charbon et de l'Acier (French for ECSC qv).

CEE
Communauté Economique Européenne (French for EEC) or Comunità Economica Europea (Italian for EEC).

CEEA
Communauté Européenne de l'Energie Atomique – Euratom (qv) or EAEC.

CEEP
Centre Européen de l'Entreprise Publique (European centre for public enterprises), 15 rue de la Charité, 1040 Brussels.

CEFIC
Conseil européen des federations de l'industrie chimique (European council of chemical industry federations), Avenue Louise 250, Bte 71, 1050 Brussels.

CEI
Centre d'Etude Industrielles (Centre for education in international management), 4 Chemin de Conches 1231 Conches-Geneva.

CEN
Comité européen de normalisation (European committee for standardisation) whose members are the national standardisation organisations of Austria, Belgium, Denmark, Finland, France, Federal Republic of Germany, Irish Republic, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom. General Secretariat, rue Bréderode 2, Bte5, 1000 Brussels.

CENELEC
Comité européen de coordination des normes electrotechniques (European committee for electrotechnical standardisation – a parallel organisation to CEN qv) 5 Boulevard de l'Empereur 1000 Brussels.

CEPAC
Confederation européenne de l'industrie des pâtes, papiers et cartons (European confederation of pulp, paper and board industries), 14 rue de Crayer, 1050 Brussels.

CEPT
Conference of European postal and telecommuni-

cations administrations – founded in 1959 to promote closer relations between members and harmonisation and improvements of their administrative services. S-105 00 Stockholm.

CERD
Comité de recherche et developpement (European research and development committee) – part of DG XII, research, science and education.

CERN
Centre Européen Recherche Nucléaire (European centre for nuclear research) 1211 Geneva 23.

CET
Common external tariff – see CCT.

CIDST
Comité d'information et de documentation scientifique et technique (committee for scientific and technical information and documentation). Founded by a resolution of the council of ministers in 1971 to promote European development in this field. Jean Monnet Building, European Centre, rue Alcide de Gasperi, Luxembourg-Kirchberg.

CIF
The cost, insurance and freight value of goods is the fob value (qv) plus the cost of packaging, freight or carriage, insurance and other charges paid in respect of the goods from the time of loading in the country of export to their arrival at the port of destination, place of transhipment or frontier post.

CIPEC
Conseil intergouvernemental de pays exportateurs de cuivre (intergovernmental council of copper exporting countries), 177 avenue du Roule, 92200 Neuilly-sur-Seine.

CLECAT
Comité de liaison européen des commissionnaires et auxiliaires de transport du marché commun (European liaison committee of common market forwarders), Centre International Rogier, Hall Hermes – Bureau 1212, 1000 Brussels.

CMEA
Council of Mutual Economic Assistance (also known as Comecon qv).

COCCEE
Comité des organisations commerciales des pays de la CEE (committee of commercial organisations in the EEC), 3 avenue L. Gribaumont, 1150 Brussels.

COMECON
Council of Mutual Economic Assistance, set up in January 1949 to promote the development of the economies, science and technology of the member states – USSR, Bulgaria, Cuba, Czechoslovakia, East Germany, Hungary, Mongolia, Poland and Romania.

COMET
Committee on Middle East trade – a BOTB area advisory group.

COMITEXTIL
Comité de co-ordination des industries textiles de la CEE (co-ordination committee for the textile industries in the EEC), 24 rue Montoyer, 1040 Brussels.

COMPROS
Collective name for the communities national simplification bodies, equivalent to the UK's Sitpro.

COPA
Comité des organisations professionelles agricoles de la CEE (committee of agricultural organisations in the EEC), Rue de la Science 23-25, BP 3, 1040, Brussels.

COREPER
Comité des representants permanents de la CEE (committee of permanent representatives of the EEC) – instituted by article 3 of the merger treaty, 1967, to prepare the work of the council of ministers and carry out tasks assigned to it by the council.

COST
Co-operation européenne dans la domaine de la recherche scientifique et technique (European co-operation in science and technology) formed to pursue collaborative proposals in the fields of data processing, telecommunications, transport, oceanography, meteorology, metallurgy, pollution, food and agriculture. Although it stemmed from a community initiative, 10 other European countries in addition to the 9 EEC countries are members. The existence of Cost has led to the implementation of 17 projects of which the United Kingdom has participated in 13. One of the biggest projects, the European centre for medium-range weather forecasting is located in the United Kingdom.

CREST
Comité de recherche scientifique et technique (committee on scientific and technical research) – a specialist committee working to the commission and to the council.

CT
Community transit – a system facilitating the transit of goods between member states of the EEC and also Austria and Switzerland (see page 38).

DAC
Development assistance committee of the OECD (qv) – provides a forum for consultations between donor countries on aid to less developed countries.

DG
Directorate general. The staff of the commission is divided into 19 directorates-general, located mainly in the Berlaymont building, 200 rue de la Loi, 1049 Brussels.

DISC
Domestic international sales corporation. US legislation allows firms to establish these bodies which are then entitled to defer tax on 50 per cent of export income.

DOM
Départments d'outre mer – those parts of metropolitan France situated outside Europe.

EAC
European agency for co-operation – attached to the finance and administration unit of DG VIII (development) of the European commission. Provides administrative support for European development fund delegate and EDF experts in the field.

EAEC
European Atomic Energy Community – Euratom (qv) or CEEA.

EAGGF
European agricultural guidance and guarantee fund finances the EEC's common agricultural policy (CAP qv).

EBU
European Broadcasting Union, Ancienne Route 17a, PO Box 193; 1211, Geneva 20.

ECA
The UN's economic commission for Africa which has its secretariat in Addis Ababa.

ECAC
European civil aviation conference – established in 1955 to promote the co-ordination and orderly development of European air transport. 3 bis villa Emile Bergerat, 92200 Neuilly-sur-Seine.

ECE
The UN's economic commission for Europe – secretariat: Palais des Nations, 1211, Geneva 10.

ECG
European co-operation grouping – a legal framework enabling companies in the EEC engaged in similar activities to co-operate in production, manufacture and sales on a non-commercial and non-profit-making basis.

ECGD
Export Credits Guarantee Department – a separate department responsible to the Secretary of State for Trade, providing export credit insurance facilities for United Kingdom exporters.

ECLA
The UN's economic commission for Latin America which has its secretariat in Santiago.

ECMT
European conference of ministers of transport, founded in 1953 to achieve the maximum use and most rational development of Europe's inland transport; 19 European countries are members, 19 rue de Franqueville, 75775 Paris Cedex 16.

ECOSOC
The UN's economic and social council.

ECSC
European Coal and Steel Community – established by the treaty of Paris, signed in April 1951 by the six; Denmark, the Irish Republic and the United Kingdom became members on 1 January 1973.

ECWA
The UN's economic commission for western Asia which has its secretariat in Beirut.

EDF
European development fund, set up by the EEC to make non-repayable grants and loans for furthering social and economic development in states associated with the EEC under the Lomé convention and in the overseas countries and territories.

EEC
European Economic Community, established by the treaty of Rome in March 1957 by Belgium, France, the Federal Republic of Germany, Italy, Luxembourg and the Netherlands, and enlarged by the act of accession in January 1972 which enabled Denmark, the Irish Republic and the United Kingdom to become members on 1 January 1973.

EEG
Europse Economische Gemeenschap (Dutch for EEC).

EF
European foundation – to be set up in Paris with the aim of improving understanding between the peoples of the community. It will act as a catalyst to promote exchanges and contact between young people and between professional and social groups in the community.

EFTA
European free trade association – established in January 1960 by the Stockholm convention concluded by Austria, Denmark, Norway, Portugal, Sweden, Switzerland and the United Kingdom. Finland became an associate member in June 1961 and Iceland acceded in March 1970. Denmark and the United Kingdom left Efta on 31 December 1972. Efta secretariat, 9-11 rue Varembé 1211 Geneva 20.

EIB
European Investment Bank – set up under article 129 of the treaty of Rome to make loans and give guarantees which facilitate the financing of certain projects in all sectors of the economy of the community (see page 18). Head office: 2 Place de Metz BP2005, Luxembourg.

EIS
Export Intelligence Service – computerised dissemination on a paid subscription basis of specific sales opportunities and market intelligence. A service provided by export services and promotions divisions of the Department of Trade.

ELEC
European league for economic co-operation – an international non-party organisation with headquarters in Brussels which brings together experts in finance, economics and industry to study common problems and put forward courses of action. United Kingdom section: 16, Regency Street, London SW1P 4DD.

EMBO
European molecular biology organisation – founded in 1963 to further the development of molecular biology in Europe by a European intergovernmental organisation, the European molecular bilogy conference. Meyerhofstr 1, 6900 Heidelberg 1 Postfach 1022.40.

EMCF
European monetary co-operation fund – established by EEC regulation 907/73, the fund administers the EEC's short and medium term financial support facilities and acts as a clearing house for EEC 'snake' transactions (qv).

EMU
Economic and monetary union – the community concept developed at The Hague summit of 1969 under which member states would put at the disposal of the common institutions the use of all the instruments of monetary and economic policy to be exercised for the community as a whole.

EOE
European options exchange – set up in Amsterdam in April 1978 to facilitate trading in options in securities of European quoted companies. A Dutch venture, not linked with the community.

EØF
Europaeiske Økonomiske Faellesskab (Danish for EEC).

EP
European parliament (see page 7).

EPO
European patent organisation – opened in Munich in October 1977. It has been possible to file European patent applications since June 1978.

ESA
European Space Agency – superseded Eldo (European space vehicle launcher development organisation) and Erso (European space research organisation). Its purpose is to provide for and promote, exclusively for peaceful purposes, co-operation among European states in space research and technology and their space applications. 8/10 rue Mario-Nikis 75738 Paris Cedex 15.

ESC
Economic and social committee – established under the EEC and Euratom treaties and composed of representatives of employers, employees, and other interests, it is an advisory body which is consulted by the commission and the council of ministers.

ESCAP
The UN's economic and social commission for Asia and the Pacific which has its secretariat in Bangkok.

ESPD
Export services and promotions division of the Department of Trade which provides advice, information and assistance to British companies engaged in overseas trading.

ETC
European trade committee – a BOTB advisory group for trade in western Europe.

ETPO
European trade promotion organisation – an annual meeting of officials from European countries responsible for government export promotion services to compare notes and discuss mutual problems.

ETUC
European Trades Union Confederation – unites 18 trade union organisations from 15 countries. 37-41 rue Montagne aux Herbes Potagères, 1000 Brussels.

EUA
European unit of account (see page 26).

EURATOM
European Atomic Energy Community – established by the treaty of Rome signed in March 1957 at the same time as the treaty establishing the EEC (see page 16).

EUROCONTROL
European organisation for the safety of air navigation was established in 1963 to strengthen co-operation among member states (Belgium, France, Federal Republic of Germany, Irish Republic, Luxembourg, Netherlands and the United Kingdom) in matters of air navigation and in particular to provide for the common organisation of air traffic in upper airspace.

EUROCOOP
European community of consumers' co-operatives, 17a rue Archimède, 1040 Brussels.

EUROFER
Association of European Steel Producers, 38-39 Square de Meeus, Brussels.

EUROM
European federation of precision and optical engineering industries, 3 via Brisa, 20123 Milan.

EURONET
Telecommunications network jointly financed by the European communities and telecommunications authorities to provide users throughout the community from January 1979 with reliable, rapid and cheap access to over 100 data banks containing scientific, technical and socio-economic information.

EUROSTATS
A series of statistics produced by the Soec (qv).

EWG
Europäishe Wirtschaftgemeinschaft (German for EEC).

FAEP
Federation of associations of periodical publishers in the EEC, Imperial House, Kingsway, London WC2.

FAO
The UN's food and agriculture organisation which has its secretariat in Rome.

FEBI
Fédérations européennes des branches d'industries – organisations of trade associations representing sectors of commerce and industry at community level.

FEOGA
Fonds européen d'orientation et de garantie agricole (French for EAGGF qv).

FID
International federation for documentation, 7 Hofweg, The Hague – associated with Wipo (qv).

FIGED
Fédération International des Grandes Enterprises de Distribution (federation of large retail distributors). EEC group of FIGED: 117 avenue Castel, 1200 Brussels.

FOB
The free on board value represents the cost of goods to the purchaser abroad, including packing, inland and coastal transport in the exporting country, dock dues, loading charges and all other costs, profits, charges and expenses accruing up to the point where the goods are deposited on board the exporting vessel or aircraft.

FTA
Free trade agreements between Efta countries and the EEC.

GATT
General agreement on tariffs and trade – an international multilateral contract which embodies a code of practice for fair trading in international commerce and which has enabled tariffs to be reduced on products accounting for approximately half of the world's trade.

GDP
Gross domestic product at market prices is equal to GNP (qv) at market prices less net income from abroad.

GIE
Groupement d'interet economique – a form of business enterprise created by legislation in France in 1967 to provide a legal framework for inter-company co-operation. The community's ECG (qv) was based on GIE.

GNP
Gross national product at market prices for any country is equal to the sum of the following: consumption expenditure (personal and public); gross domestic capital formation (private and public); exports of goods and services less imports of goods and services; income received from abroad less income paid abroad.

GSP/GSTP/GTP
Generalised system of tariff and preferences – a system rising out of Unctad (qv) under which developed countries grant preferential tariff treatment to certain goods originating in developing countries (see page 33).

GUD
Gestion de l'union dounaière now known as UD (union douanière) ACU.

IAEA
International atomic energy agency – established in 1956 by representatives of 81 countries to accelerate and enlarge the contribution of atomic energy to peace, health and prosperity throughout the world.

IBRD
International Bank for Reconstruction and Development – also known as the World Bank, the IBRD was founded by the Bretton Woods conference in 1944, having the status of a specialised agency of the UN. The bank makes loans to finance productive enterprises in member countries. 1818 H St, NW, Washington DC 20433.

ICAO
International civil aviation organisation – a specialised agency of the UN set up to develop principles and techniques of international air navigation and to foster the planning and development of international air transport.

ICC
International Chamber of Commerce – concerned with standard rules for commercial transactions, settlement of disputes and general business and economic problems, 6-14 Dean Farrar Street, London SW1H 0DT.

ICFC
Industrial and Commercial Finance Corporation – established under the auspices of the Bank of England and other institutions to provide finance for industrial developments which are in the national economic interest. Also administers a block loan from the EIB (qv). 91 Waterloo Road, London SE1 8XO.

ICOM
International Council of Museums, Maison del'UNESCO, 1 rue Miolis, 75015 Paris.

IEA
International Energy Agency – a multi-national body set up under the auspices of OECD (qv) to look at energy problems generally. 2 rue André Pascal 75775 Paris.

IIC
International institute for the conservation of historic and artistic works, 6 Buckingham Street, London WC2N 6BA.

ILO
International Labour Office, a specialised agency of the UN set up to promote decent living standards, satisfactory conditions of work and pay, and adequate employment opportunities, through the creation of international labour standards, 87 New Bond Street, London W1Y 9LA.

IMCO
Intergovernmental Maritime Consultative Organisation – a specialised agency of the UN set up in 1959 to facilitate co-operation among governments on technical matters affecting international shipping, such as navigation, safety and pollution control. Secretariat: 101 Piccadilly, London W1.

IMF
International Monetary Fund – set up together with IBRD (qv) to promote international monetary co-operation, 700 19th St, NW Washington DC 20431.

INCOTERMS
International rules for interpretation of terms frequently used in foreign trade contracts. These rules

are drawn up by the International Chamber of Commerce and printed in English and French, in ICC brochure 274 'Incoterms 1953'.

ISIC
International standard industrial classification – a numerical classification of all economic activities issued by the UN.

ISO
International Standards Organisation, 1 rue de Varembé, 1211 Geneva 20.

JDI
Joint declaration of intent – under this declaration, annexed to the treaty of accession, the community undertook to examine with Bangladesh, India, Malaysia, Pakistan, Singapore and Sri Lanka, any trade problems that may arise, with a view to seeking appropriate solutions.

JET
Joint European torus – in October 1977, the decision was made by EEC research ministers to site the £120 million joint European torus thermonuclear fusion project at the UKAEA research centre at Culham, Oxfordshire.

JET
Joint engineering team of European aircraft manufacturers studying projects for 130 to 180 seat passenger aircraft.

JRC
Joint Research Centre – set up under Euratom (qv) as the main instrument in the community's drive to supplement national research programmes. It is a complex of four research establishments – Ispra (Italy), Karlsruhe (Germany), Geel (Belgium) and Petten (Netherlands).

LAFTA
Latin American free trade association – set up in February 1960 with the aim of creating an eventual Latin American common market.

MCA
Monetary compensatory amounts – charges and payments applied to prevent currency fluctuations from distorting agricultural trade given that community agricultural support prices are converted into national currencies at fixed representative rates.

MFA
Multi-fibre arrangement – regulates international trade in textiles between Gatt signatories. The original MFA covered the period 1974-77 and was renewed for 1978-81 (see page 34).

MFN
Most favoured nation treatment is a commercial treaty between two or more countries which guarantees that all parties to the agreement will automatically extend to each other any trade concession which they may subsequently grant to non-member countries. All members of Gatt adhere to the mfn principle though groups such as the EEC and Efta are exempt providing they conform to article XXIV of the Gatt.

MTNs
Multilateral trade negotiations under Gatt (qv).

NATO
North Atlantic treaty organisation – signed in 1949 between certain European countries, Canada and the USA, to provide an alliance to safeguard the freedom, common heritage and civilisation of their people founded on the principles of democracy, individual liberty and the rule of law.

NIMEXE
The nomenclature for the foreign trade statistics of the EEC is the harmonised nomenclature that EEC countries have adopted to classify goods for compiling their foreign trade statistics (see EEC regulations 1445/72 and 3065/75). Nimexe is consistent with CCCN and SITC (R2) (qv).

OCTs
Overseas countries and territories of member states, associated with the EEC under part IV of the treaty of Rome (see page 29).

ODM
Ministry of Overseas Development.

OECD
Organisation for Economic Co-operation and Development – established in 1961 as the successor to the OEEC (organisation for European economic co-operation), with the aim of achieving the highest sustained economic growth and employment, and of raising living standards in member countries while maintaining financial stability. The members are Australia, Austria, Belgium, Canada, Denmark, Finland, France, Federal Republic of Germany, Greece, Iceland, Irish Republic, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, United Kingdom and the USA; Yugoslavia participates in the organisation's work with a special status. 2 rue André-Pascal, 75775 Paris Cedex 16.

OJEC
Official Journal of the European Communities, familiarly known as OJ.

ORGALIME
Organisme de liaison des industries metalliques Européennes (liaison body for the European engineering and metal industries), 99 rue de Staffart, 1050 Brussels.

OTAR
Overseas tariff and regulations section of ESPD (qv) of the Department of Trade – provides exporters with information about tariffs, regulations etc, of all overseas countries.

PREST
Scientific and technical research policy committee of the commission – superseded by Crest (qv) in 1974.

RDEC
European research and development committee – CERD (qv).

SDR
Special drawing rights proposed by the IMF (qv) as a means of providing on a planned basis the additional international reserves needed to finance world trade.

SITC/SITC(R)/SITC(R2)
The standard international trade classification (revised) was the 1960 revised version of the original SITC adopted by the UN. A second revision SITC(R2) was introduced in 1975 and United Kingdom trade statistics have been based on this since 1 January 1978. SITC(R2) is correlated with CCCN (qv).

SITPRO
United Kingdom committee for the simplification of international trade procedures – set up to study commercial and governmental documentation and procedures in international and, where relevant, domestic trade, and to make recommendations to assist the more efficient flow of trade. 11 Waterloo Place, London SW1Y 4AU.

SMIL
Statistics and market intelligence library, run by the Department of Trade's export services and promotions division. It holds statistical and other published information on export markets. The library is open to the public and facilities are available for visitors to do personal research. The staff will also answer inquiries by telephone, telex and post (see page 54).

SNAKE
Community joint float – this is the informal description of the EEC scheme, aimed at narrowing the margins of fluctuation between community currencies. Under this scheme, the central banks of participating countries act as necessary in their own markets to ensure that the spot exchange rate of each participating currency is never more than 2¼ per cent different from its declared central rate.

SOEC
Statistical office of the European communities – its Eurostat series is available in the United Kingdom from HMSO.

STABEX
Export earnings stabilisation scheme – a system set out in title II of the Lomé convention, which aims to guarantee the stabilisation of earnings from exports by the ACP states (qv) to the community of certain products.

STC
Scientific and technical committee – part of DG XII, research science and education.

THE
Technical Help to Exporters – a department of the BSI (qv) which collects details of technical standards abroad. Information is generally provided on a subscription basis.

TIR
Transport international routier – a carnet issued to international road transport operators which allows loaded vehicles to cross frontiers with minimum formalities.

UA
Unit of account – used by the EEC for the expression of monetary values (see page 26).

UIA
Union of International Associations – producers of reference publications including the yearbook of international organisations and updating supplements. 1 rue aux Laines, 1000 Brussels.

UKIBEK
United Kingdom insurance brokers european committee – provides an advisory, investigatory and representational facility for British insurance brokers relative to any legislative or ancillary matter arising within the EEC. 130, Fenchurch Street, London EC3M 5DJ.

UKREP
United Kingdom permanent representative to the European communities – represents the United Kingdom on Coreper (qv.)

UNCTAD
United Nations conference on trade and development – set up as an organ of the UN general assembly, Unctad aims to promote international trade, especially with a view to accelerating economic development. Palais des Nations, 1211 Geneva 10.

UNESCO
United Nations educational, scientific and cultural organisation 9, Place Fontenoy, 75007 Paris.

UNICE
Union des industries de la communauté européenne – brings together national employers associations, including the Confederation of British Industry. It has regular meetings with the EEC commission and maintains frequent contact with individual directorates of the commission. 6 rue de Loxum, 1000 Brussels.

UNIDO
United Nations industrial development organisation – created to promote and accelerate the industrialisation of the developing countries through direct assistance and mobilisation of national and international resources. 7 Lerchenfelder St, PO Box 707, Vienna.

VDI
Verein Deutscher ingenieure (association of German engineers) – issues richtlinien (recommendations) similar to the BSI codes of practice. THE (qv) holds a complete set of VDI richtlinien in the original German and an English language index.

WEU
Western European Union – the member states (Belgium, France, Federal Republic of Germany, Italy, Luxembourg, Netherlands, and the United Kingdom) seek to co-ordinate their defence policy and equipment and to co-operate in political, social, legal and cultural affairs. 9 Grosvenor Place, London SW1X 7HL.

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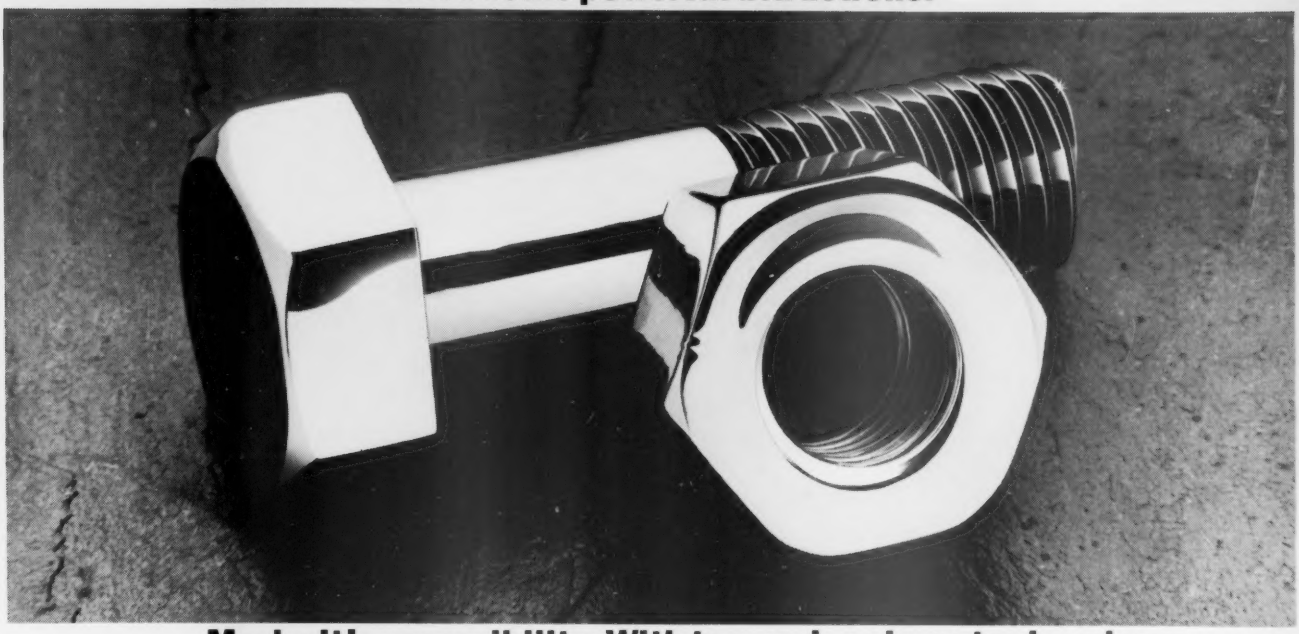

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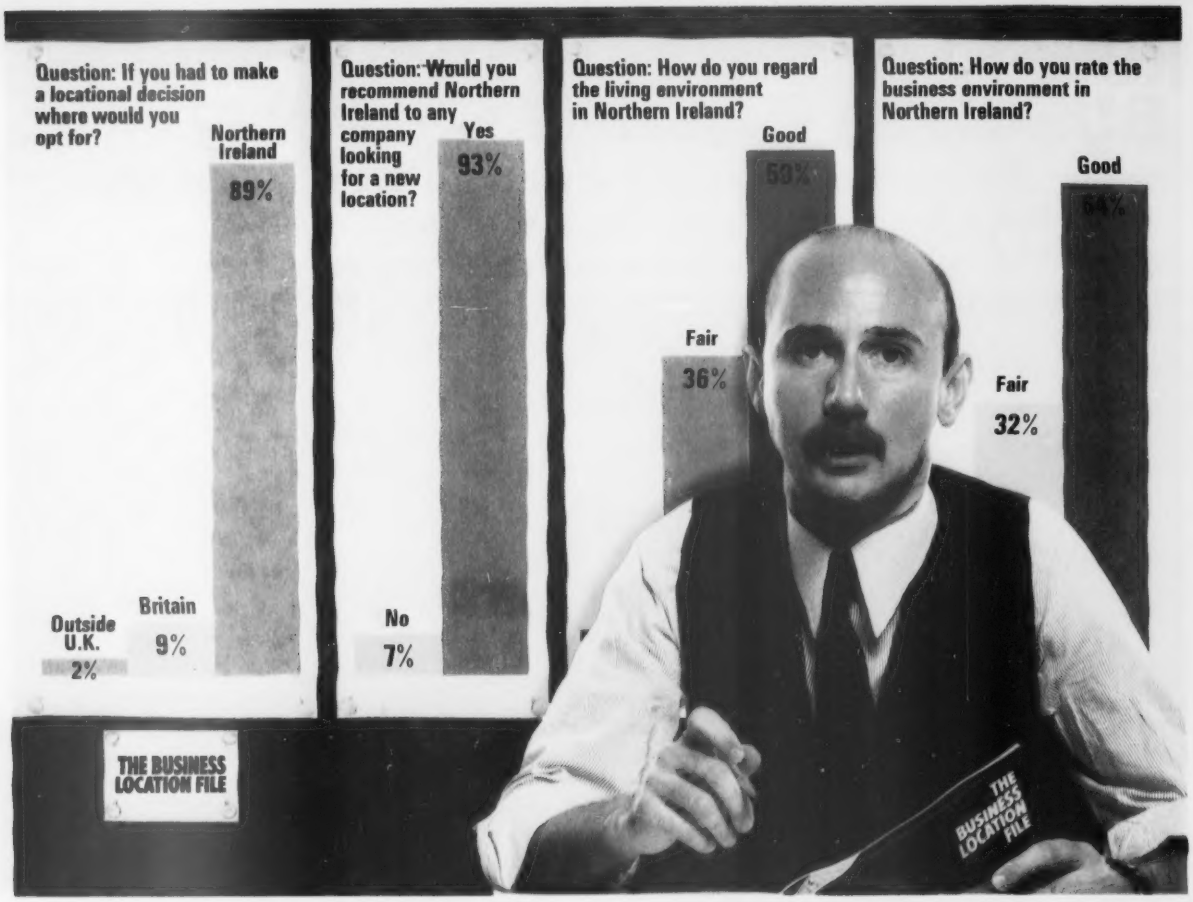

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